



# Port governance in Europe

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# Summary

1. Conceptual background
2. ESPO Fact Finding Report
3. Objectives and functions
4. Institutional framework
5. Financial capability



# 1. Conceptual background

- Ports are elements in value-driven logistics chain
- Port competitiveness depends largely on factors external to the port
- Bargaining power of market players shifted due to horizontal and vertical integration
- Post-modern society does no longer value the significance of ports
- Strong influence of public policy
- **Result: ports function in a highly uncertain and complex environment**



# Role of the port authority under pressure

- Pressure of market players
- Pressure of government
- Pressure of societal stakeholders
- **Existential options** (Heaver et al. 2000):
  - Be full-fledged partners in the logistics chain
  - Play a supporting role
  - Disappear



# A renaissance of port authorities?



Portrait of Jan Van Eyewerve  
Pieter Pourbus (1523-1584)

# Hypothetical typology of port authorities

	Conservator	Facilitator	Entrepreneur
<b>Landlord</b>	Passive real estate “manager”	Active real estate “broker” Mediator in B2B relations Strategic partnerships beyond port perimeter	Active real estate “developer” Direct commercial B2B negotiations Direct investments beyond port perimeter
<b>Regulator</b>	Passive application and enforcement Rules set by others Financial revenue on “tariff” basis	Active application and enforcement Other + own rules Provide assistance in compliance Tariffs + differential charging options to promote sustainability	Idem facilitator Idem facilitator + commercialising expertise and tools outside port Financial revenue on commercial basis
<b>Operator</b>	Mechanistic concession policy	Dynamic concession policy “Leader in dissatisfaction” Provide public services / specialised services	Dynamic concession policy Shareholder in private service providers Provide commercial and public services
<b>Community manager</b>	Not actively developed	Solve economic bottlenecks Provide public goods Solve conflicting interests Promote positive externalities	Idem facilitator but more direct commercial involvement
	<b>Local</b>	<b>Local + Regional</b>	<b>Local + Regional + Global</b>

# Influential governance factors

- Balance of power with government
- Legal and statutory framework
- Financial capability
- Management culture



## 2. ESPO Fact Finding Report

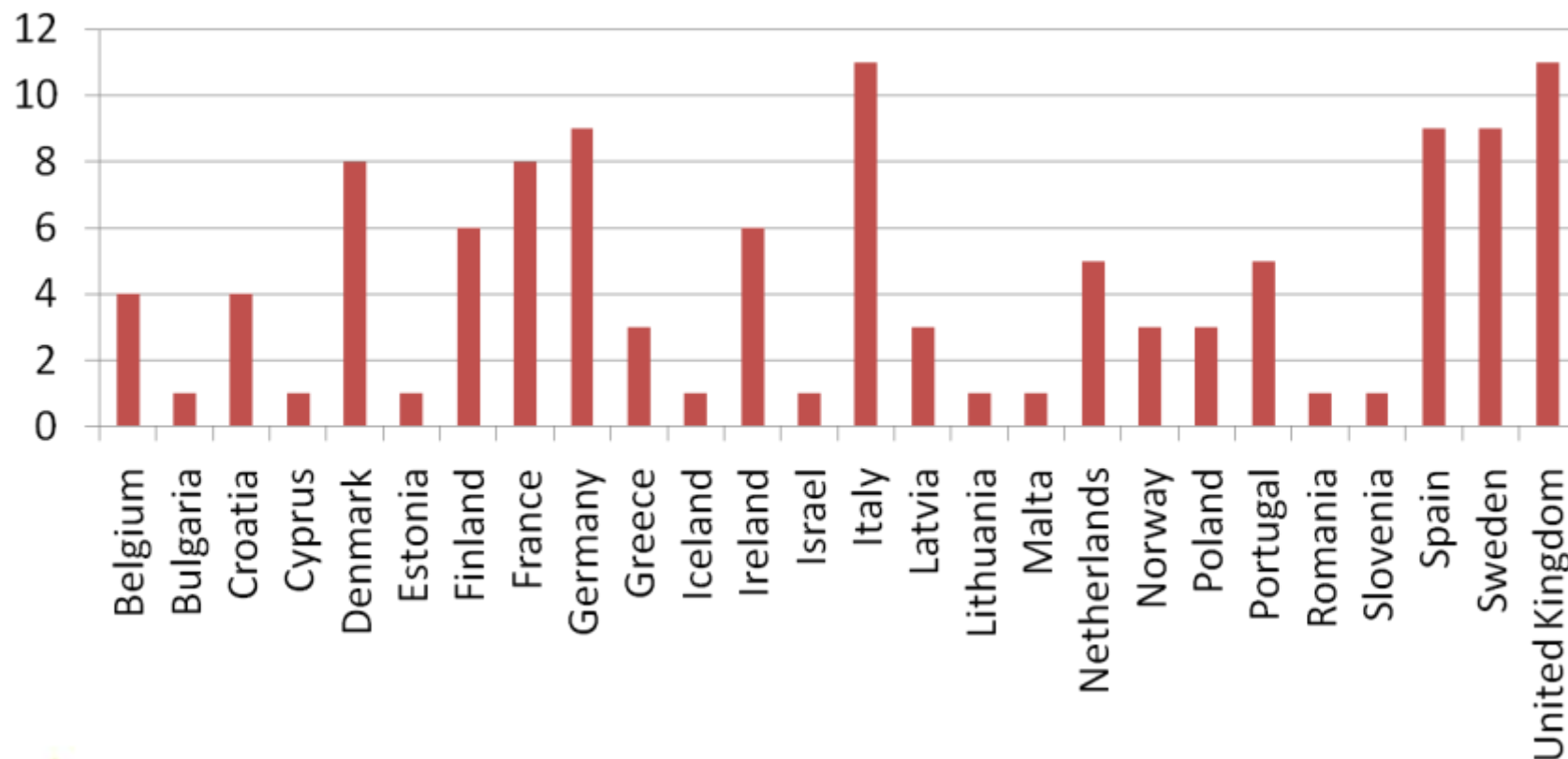




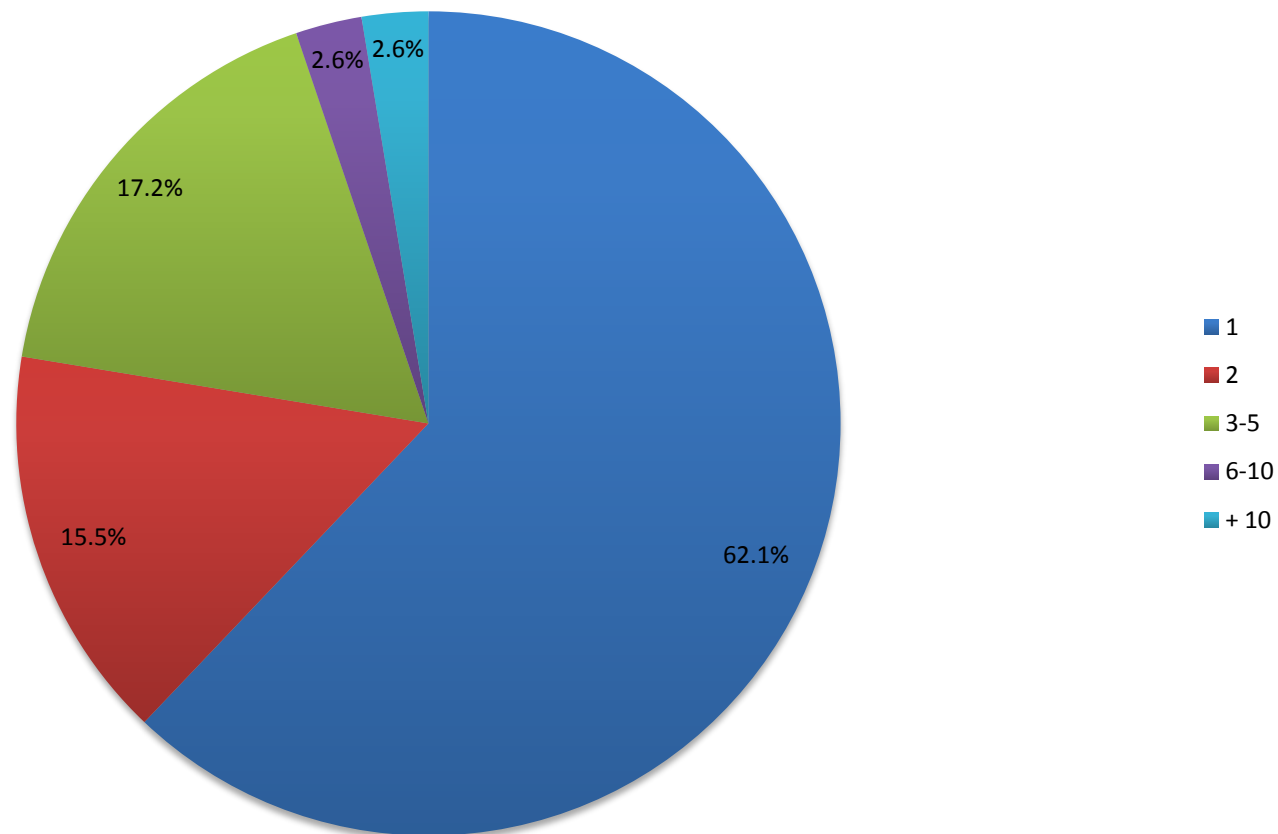
- Origins: Port Working Group (1974)
- Aim: descriptive overview of institutional and administrative structure European seaports
- Four editions so far: 1977, 1986, 1996, 2005
- 2010 edition based on new concept
- Extensive survey April-July 2010

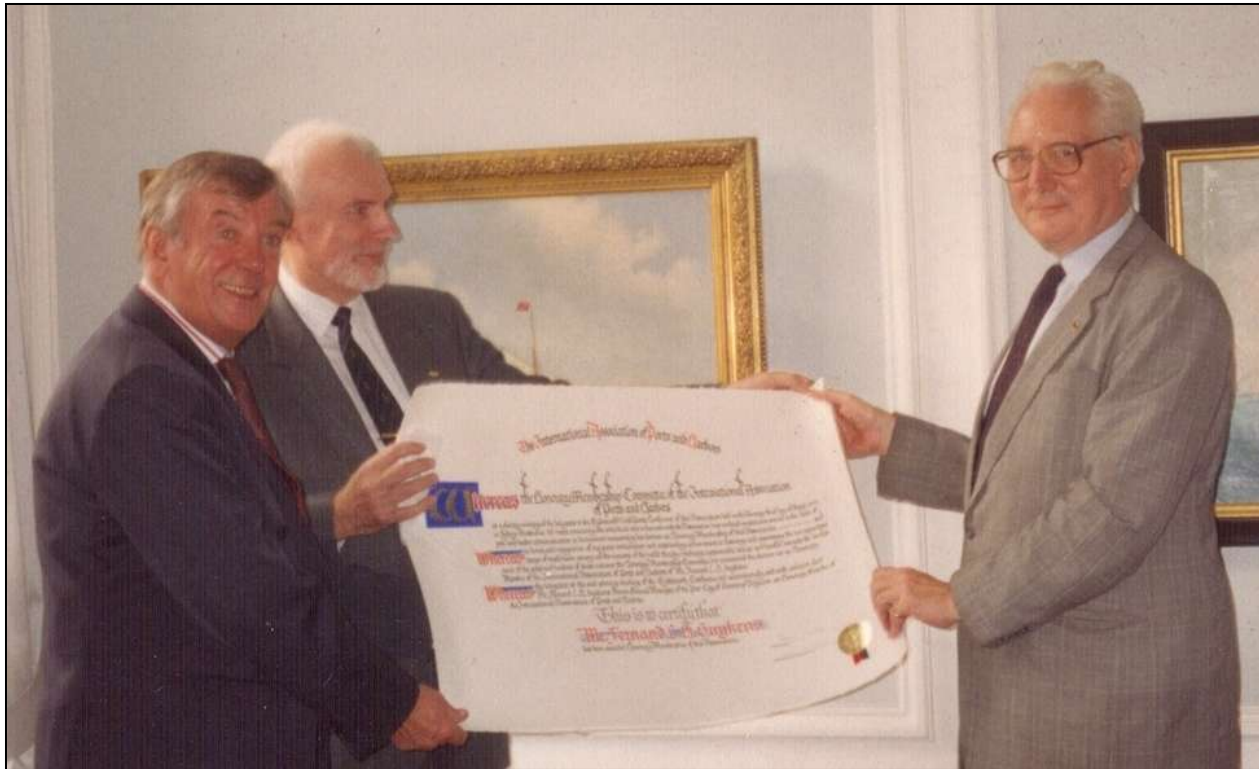
# Rate of response

116 port authorities from 26 countries replied

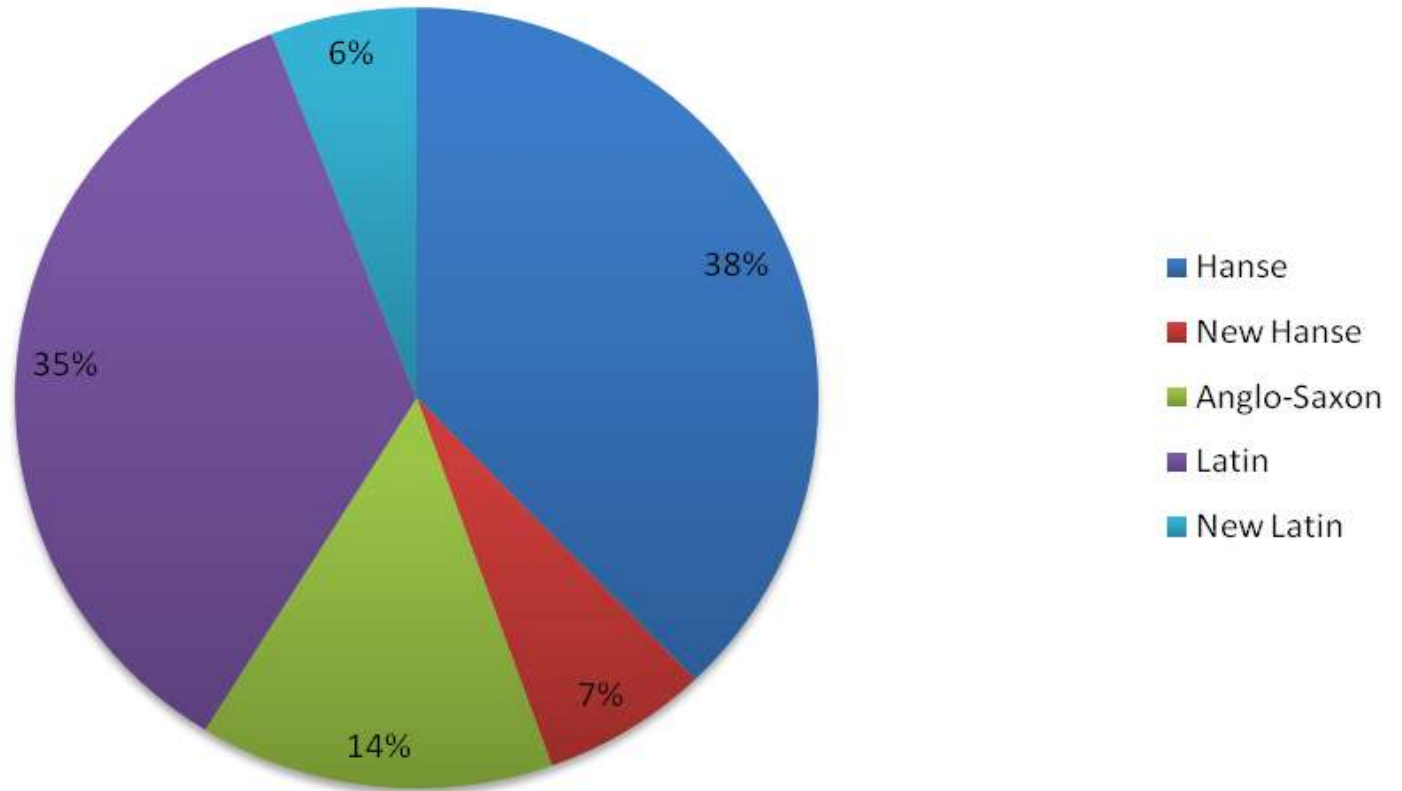


# Ports managed per port authority

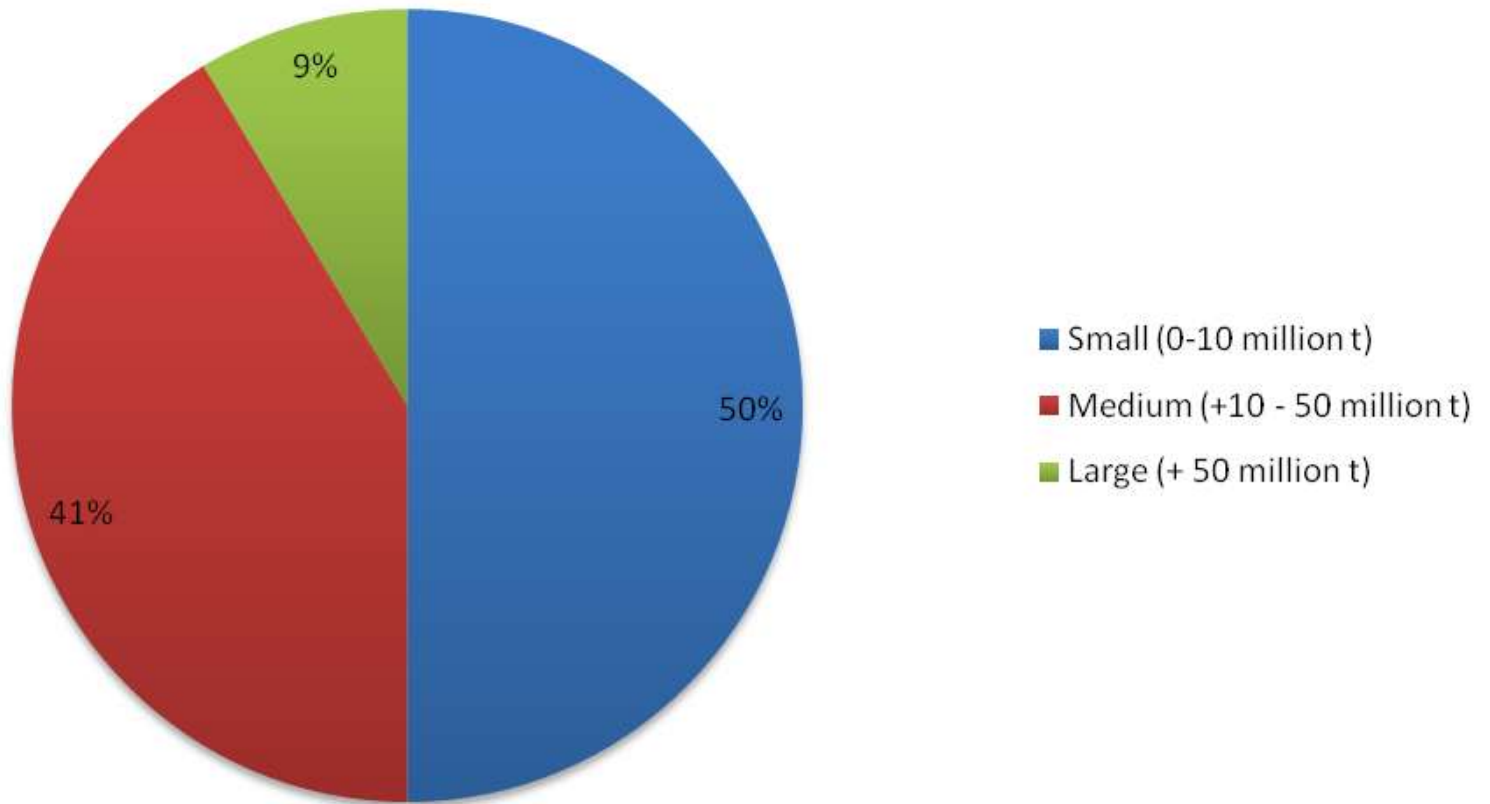




# Differentiation to region



# Differentiation to size

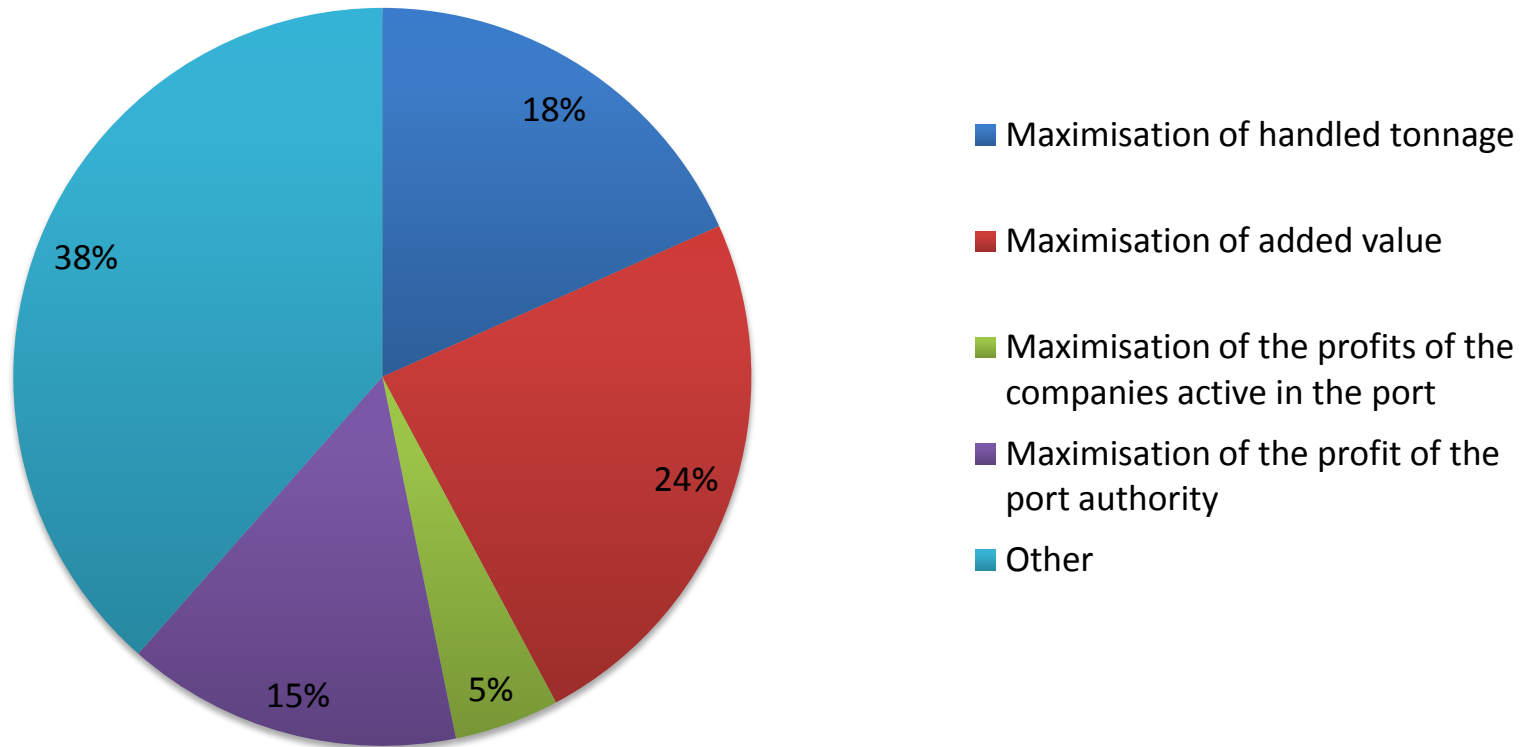


### 3. Objectives and functions

- Objectives and mission
- Landlord function
- Regulator function
- Operator function
- Community manager function



# Economic objectives of port authorities



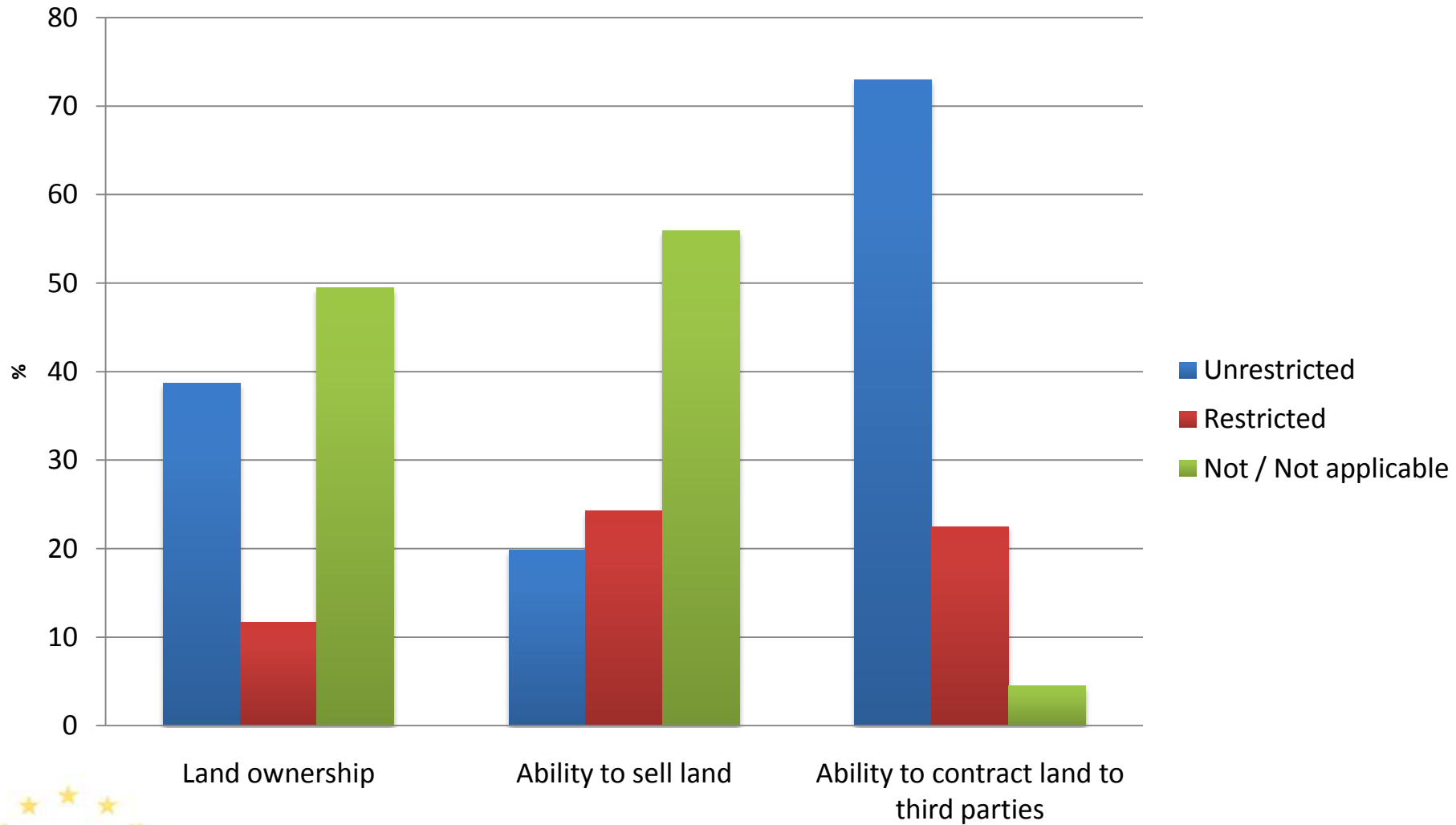


# Landlord function

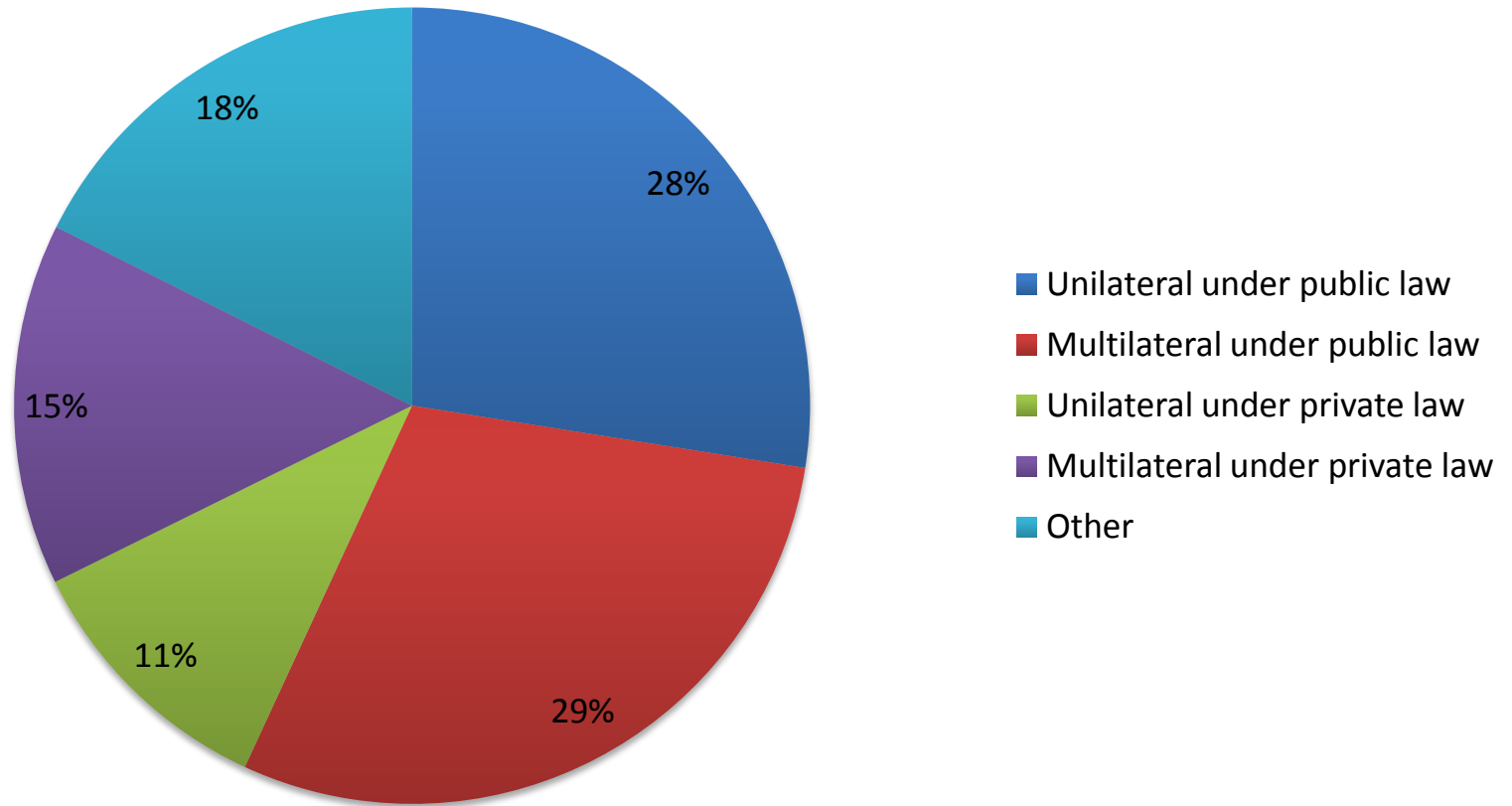
- Principal function of contemporary port authorities
- Competitive and financial pressure to invest in infrastructure
- Port land is a vital asset - competition for land use
- Concessions - bargaining power market players
- Co-operation with other ports



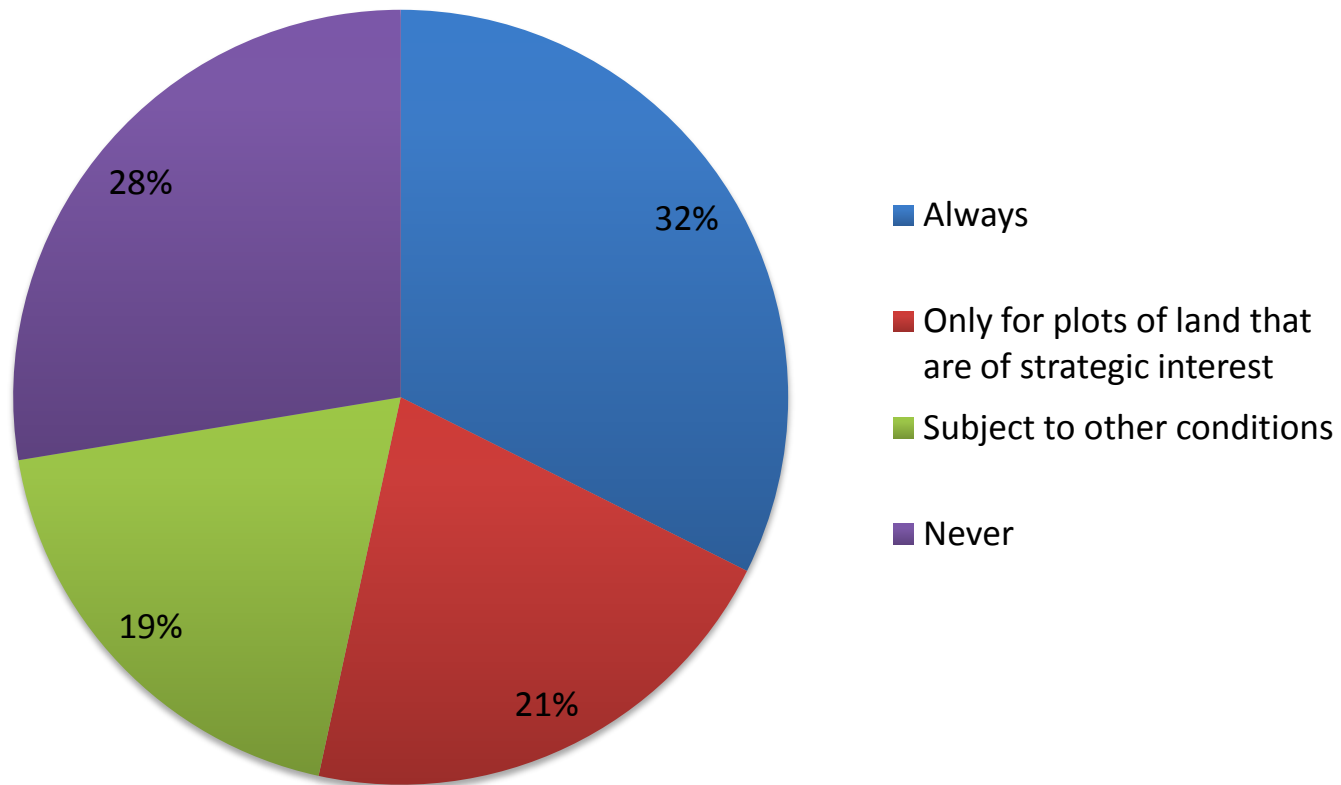
# Governance of port land



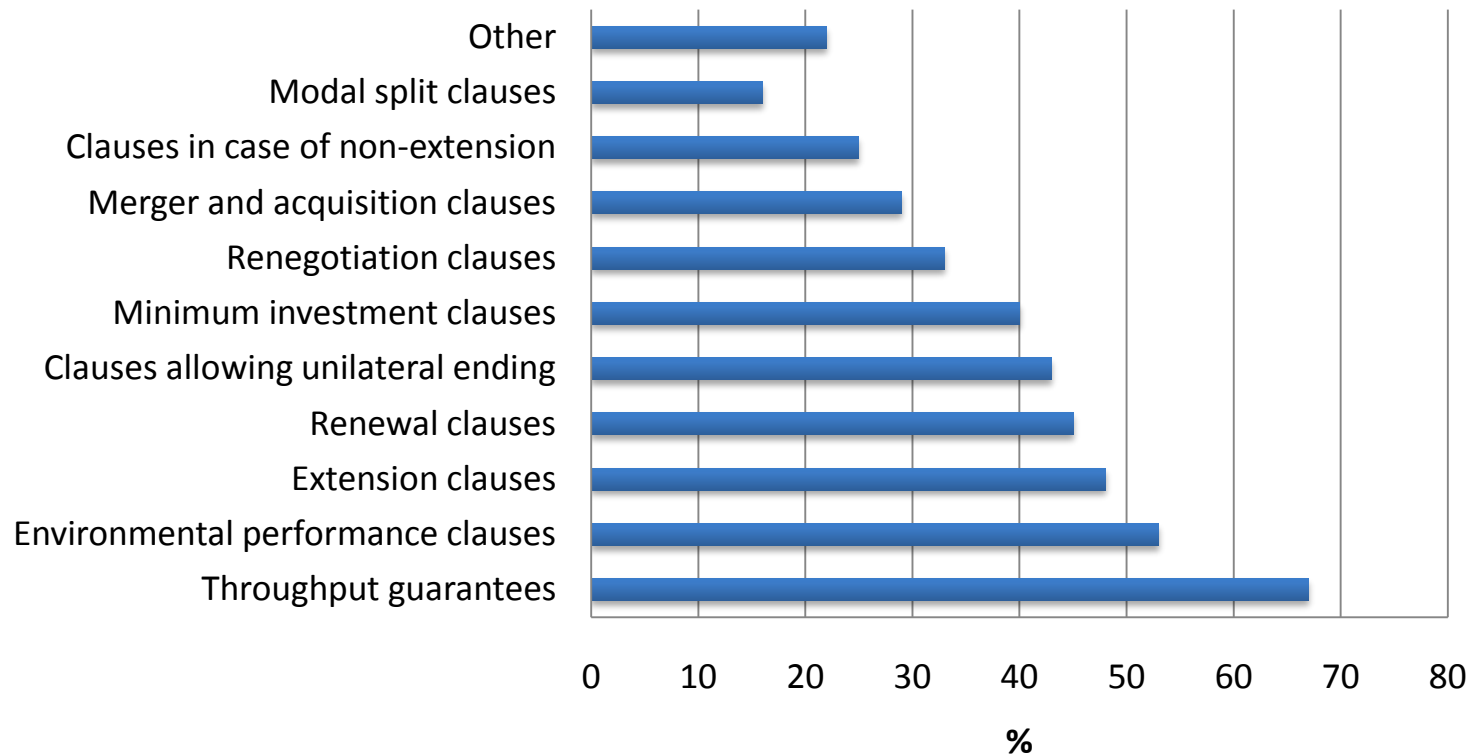
# Types of contractual arrangements to award port land to third parties



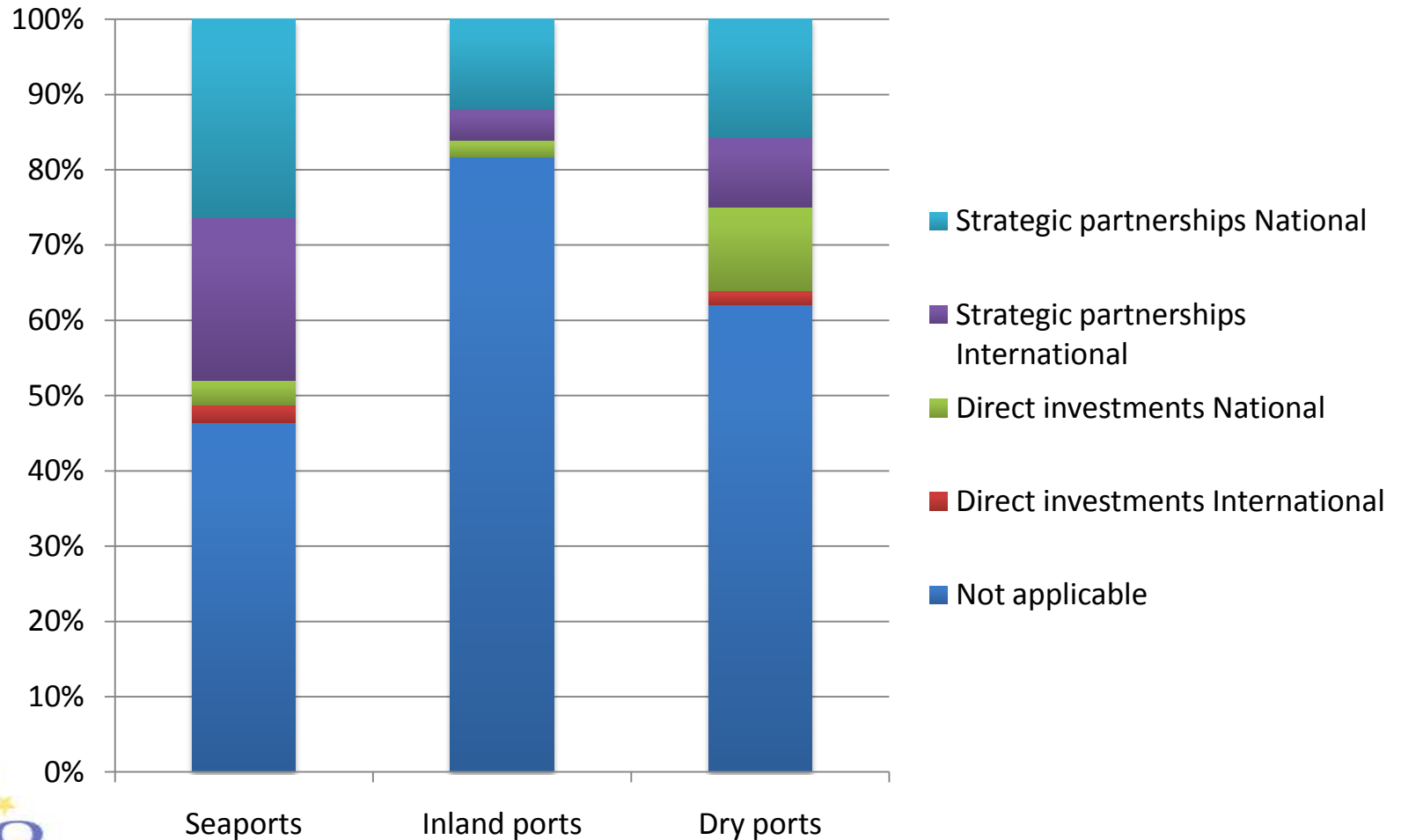
# Use of public selection procedures to contract out port land



# Clauses generally applied in major contractual arrangements



# Strategic partnerships and direct investments with other ports



# Regulator function

- Contained in the term ‘port authority’
- Increased focus on negative externalities reinforce regulator function (safety, security, environment)
- Function which seems least under pressure, but port authority is not only regulator



# Harbour Master



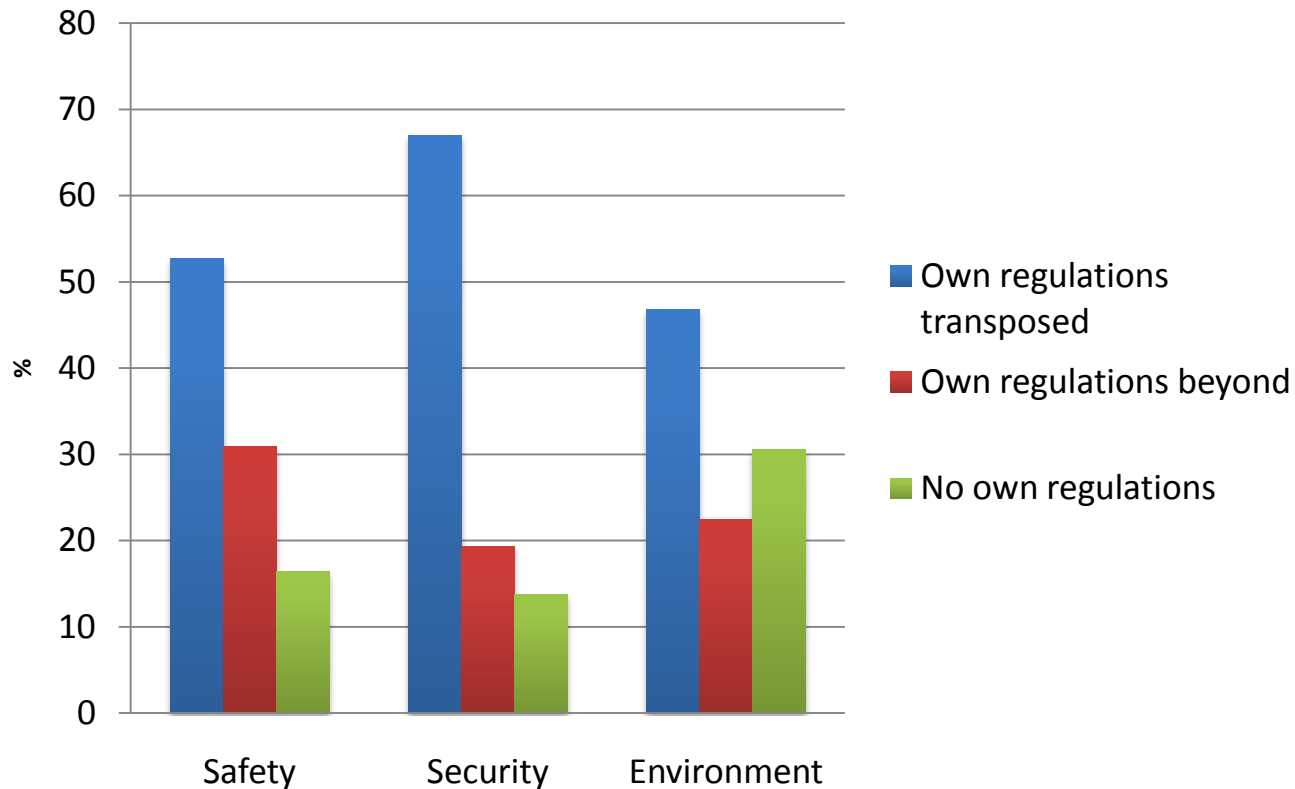
# 57,3 %

Harbour Master is fully integrated in the port authority organisation

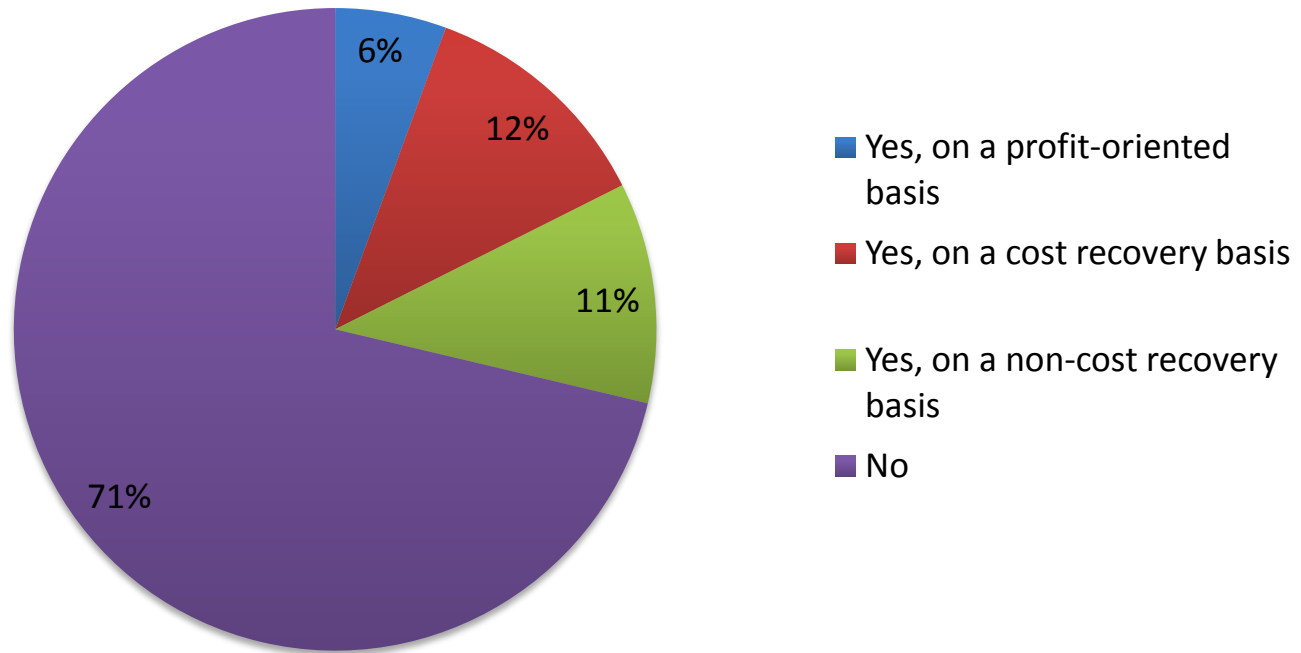




# Port authorities issuing own regulations



# Export of regulatory expertise

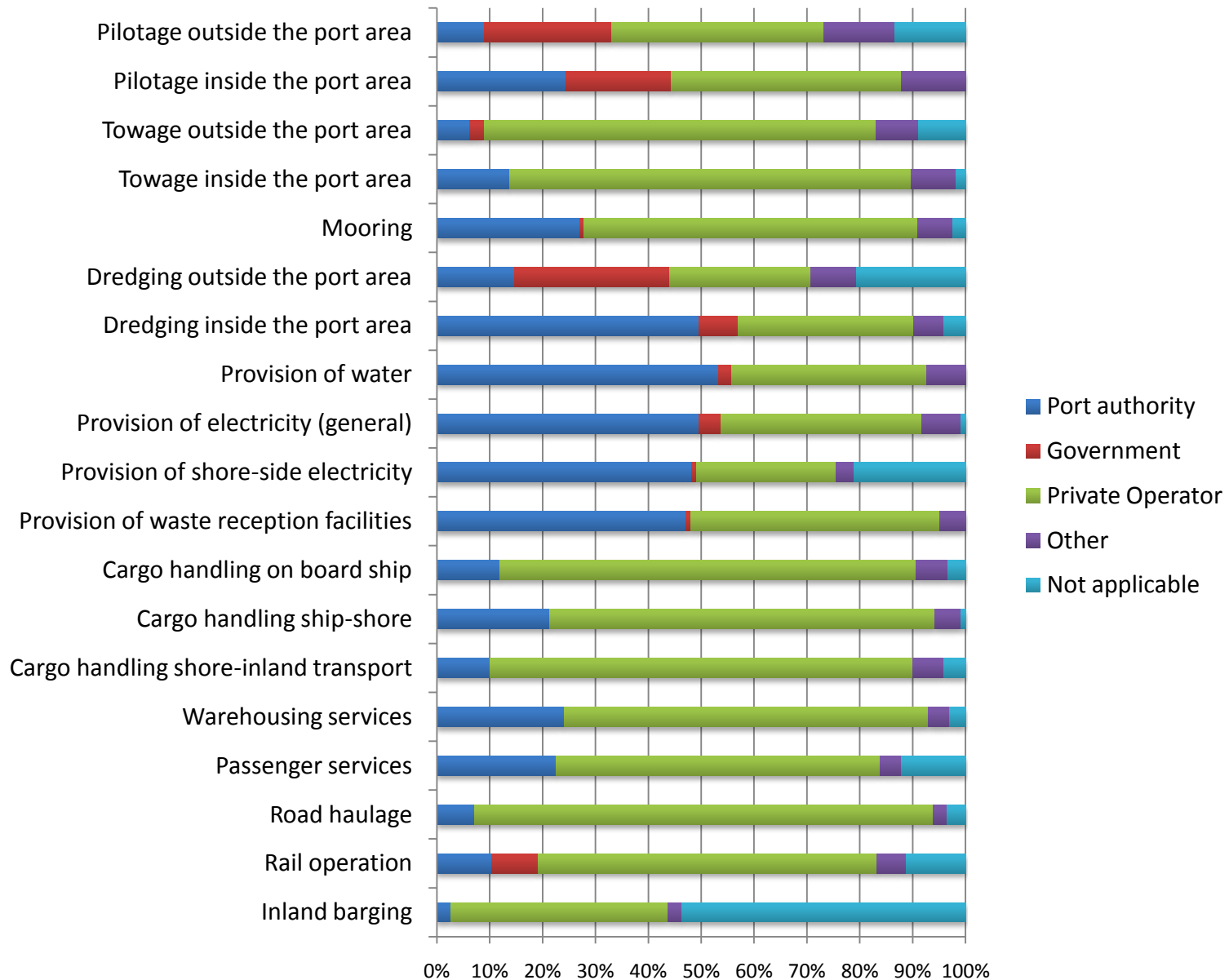


# Operator function

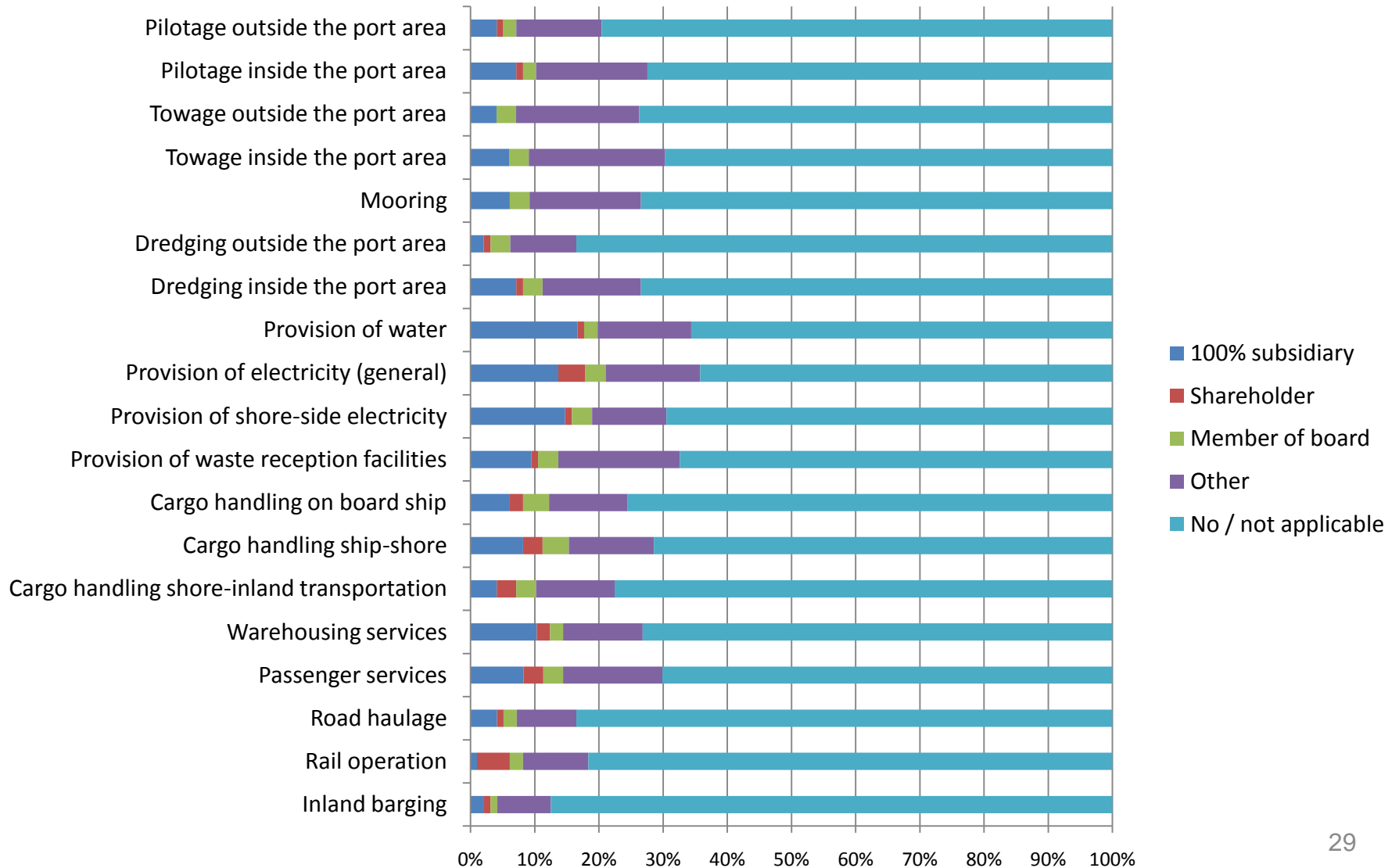
- Cargo handling services:
  - Privatised in most of the larger EU ports
  - Port authority refocuses on landowner / regulator functions (“landlord” model)
  - Concession policy
- Technical-nautical services
- Ancillary services



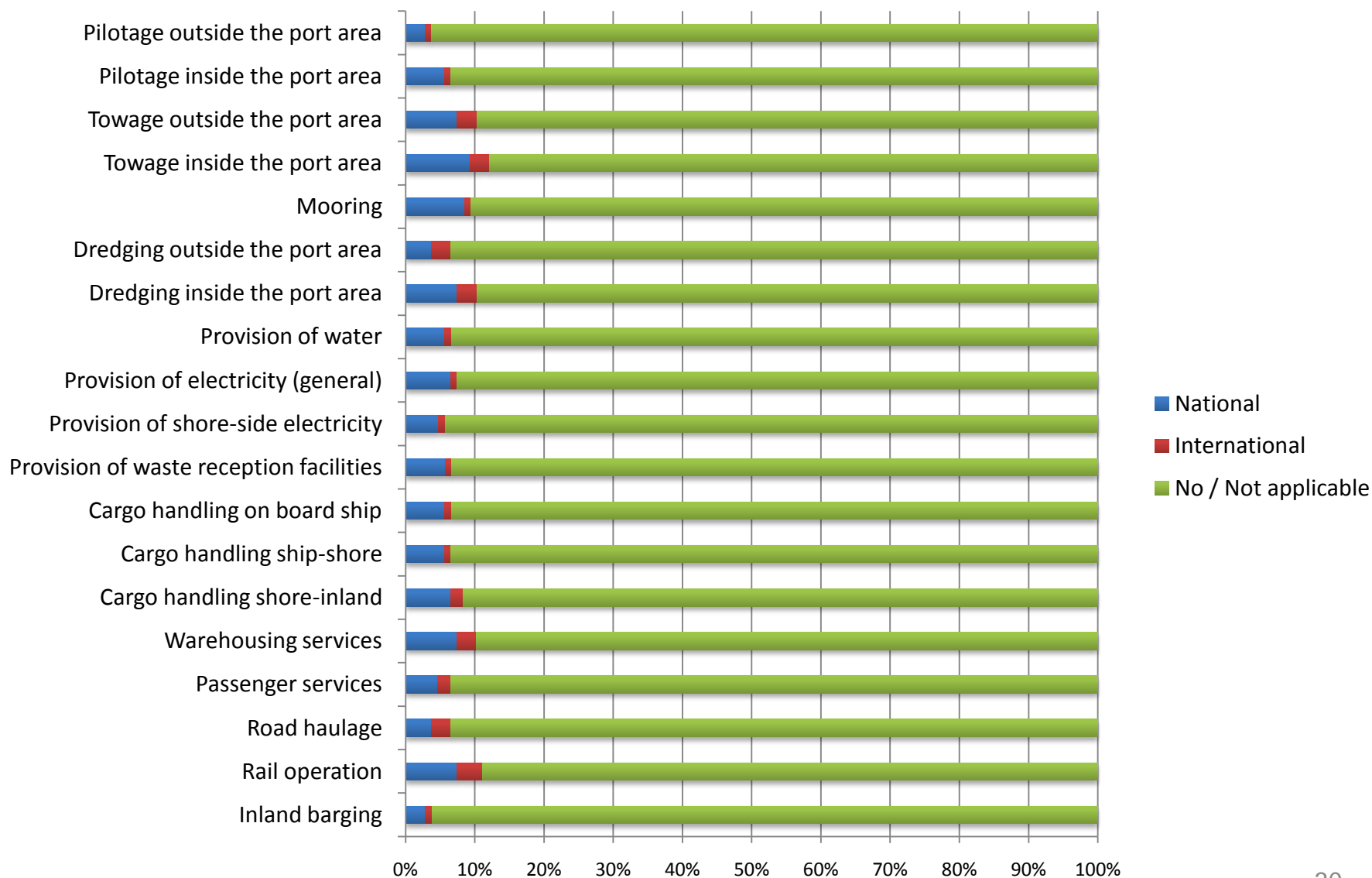
# Direct provision of operational services in ports



# Indirect involvement of PA in provision of port services



# PA providing services outside their own port(s)

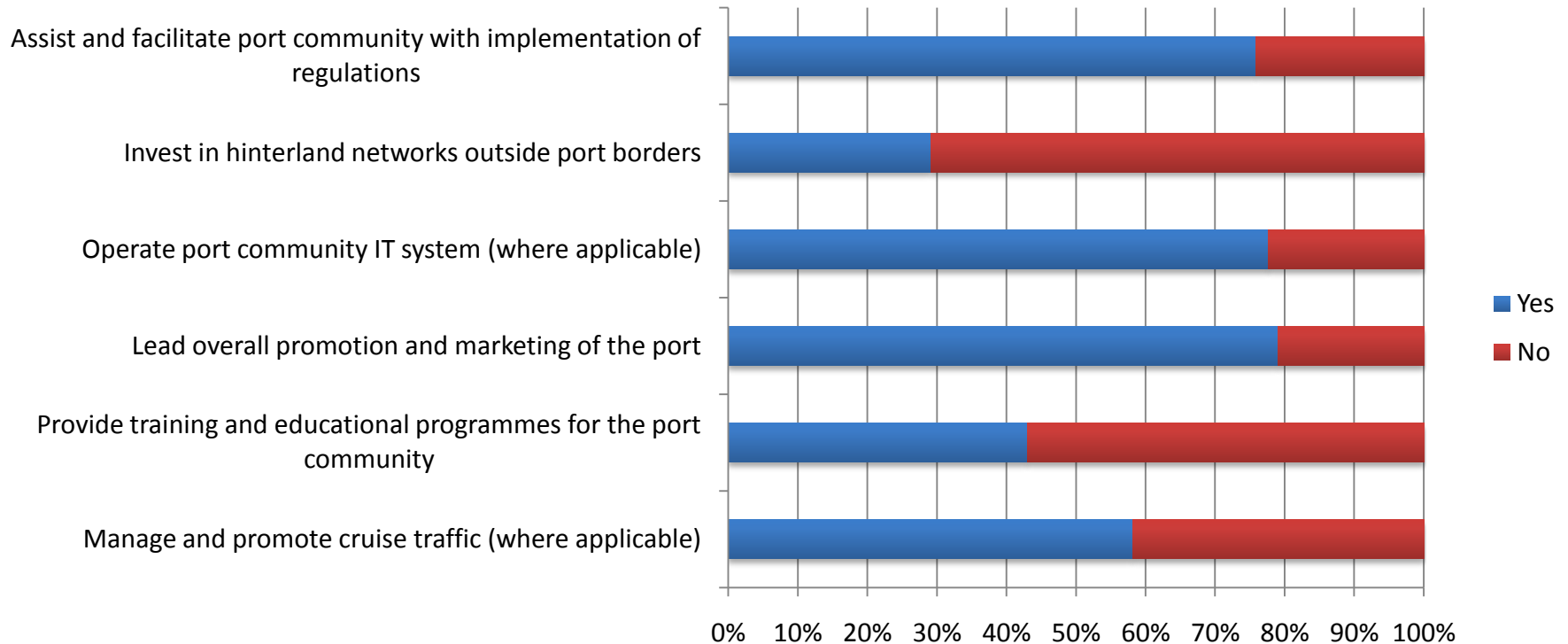


# Community manager function

- Economic dimension: footloose operators and customers
- Societal dimension: conflicting interests with societal stakeholders
- Essentially a coordinating function, solving collective action problems, accommodating conflicts of interest
- Defending 'licence to operate' and 'licence to grow'

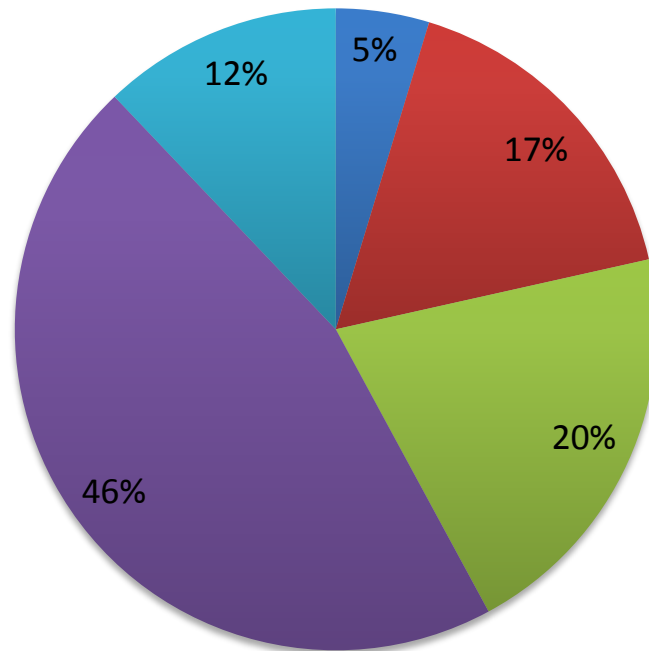


# Involvement of PA in actions / initiatives that benefit the entire port community



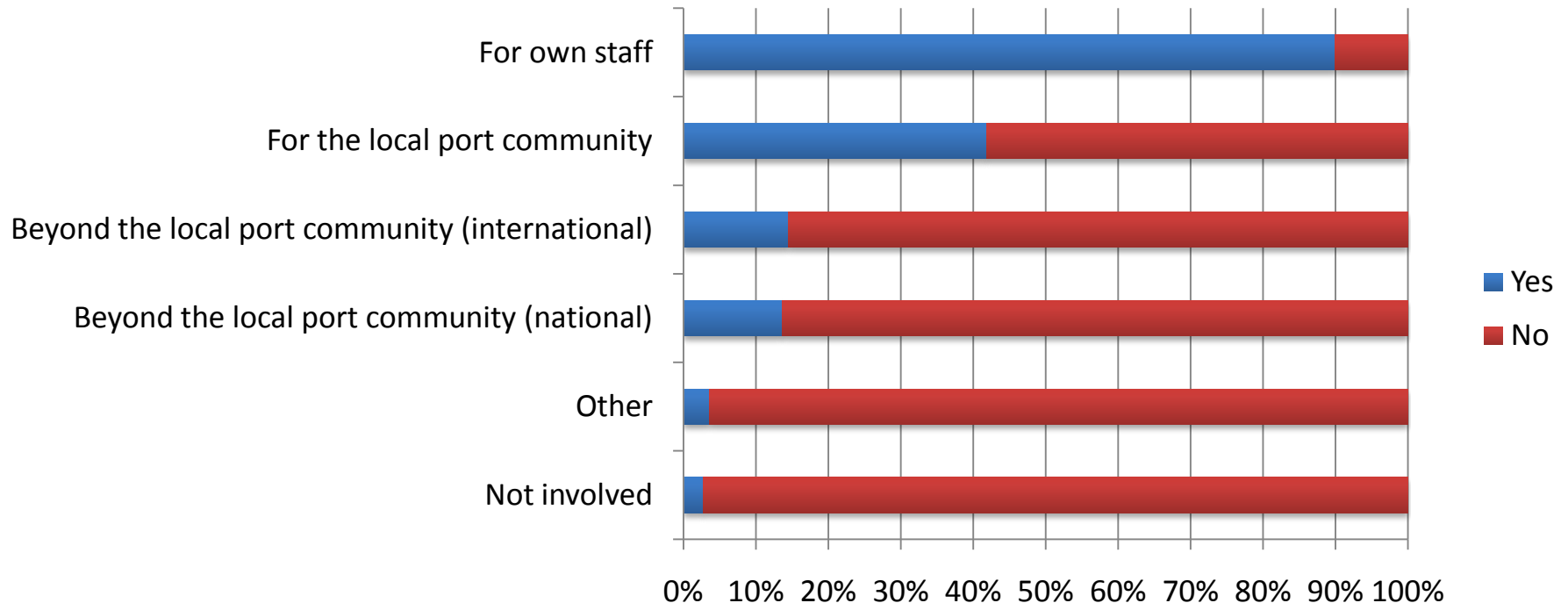


# Operation of port community IT systems

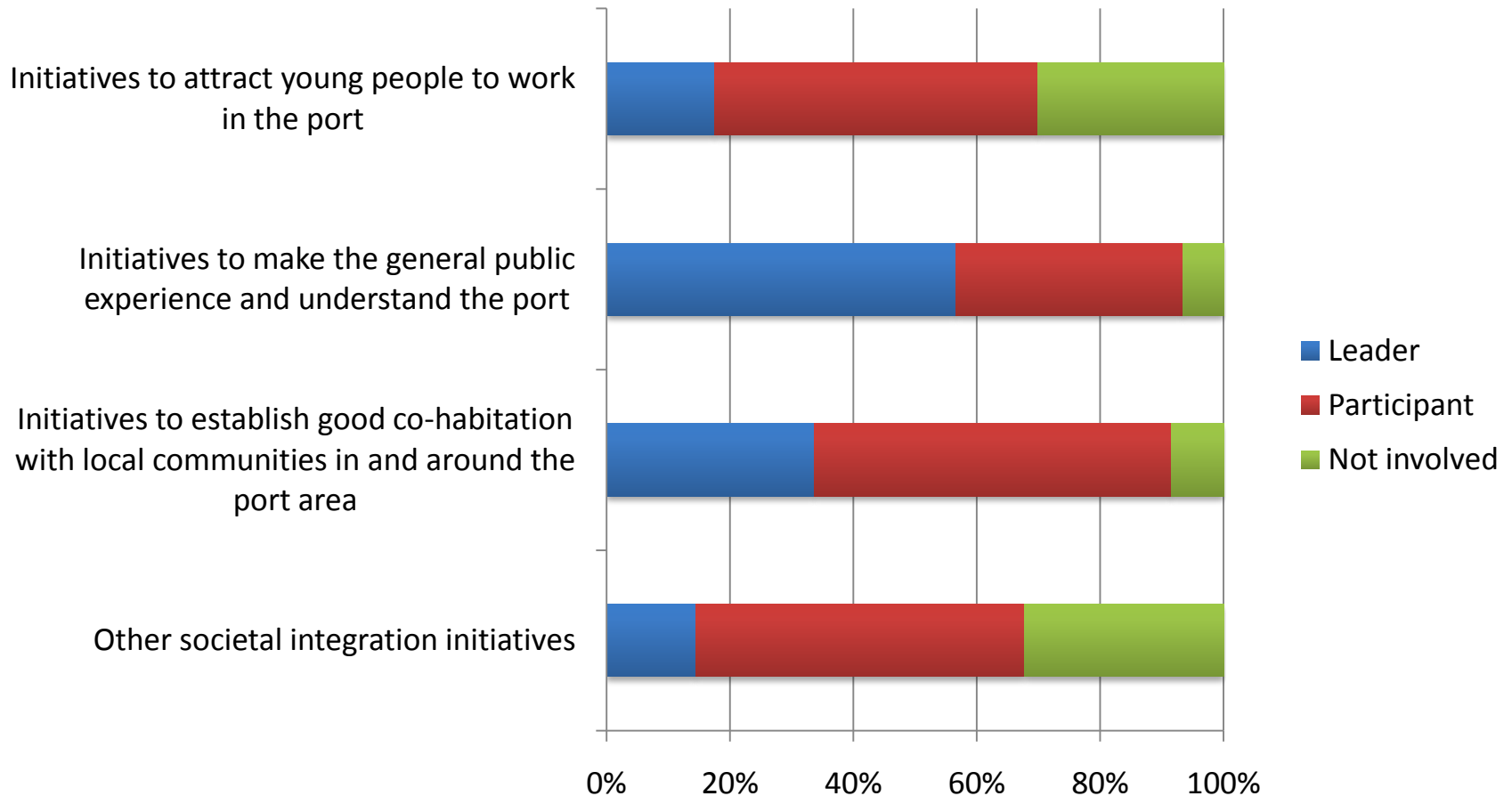


- Port authority operates the port community IT system, on a profit-oriented basis
- Port authority operates the port community IT system, on a cost recovery basis
- Port authority operates the port community IT system, on a non-cost recovery basis
- There is no port community IT system in the port

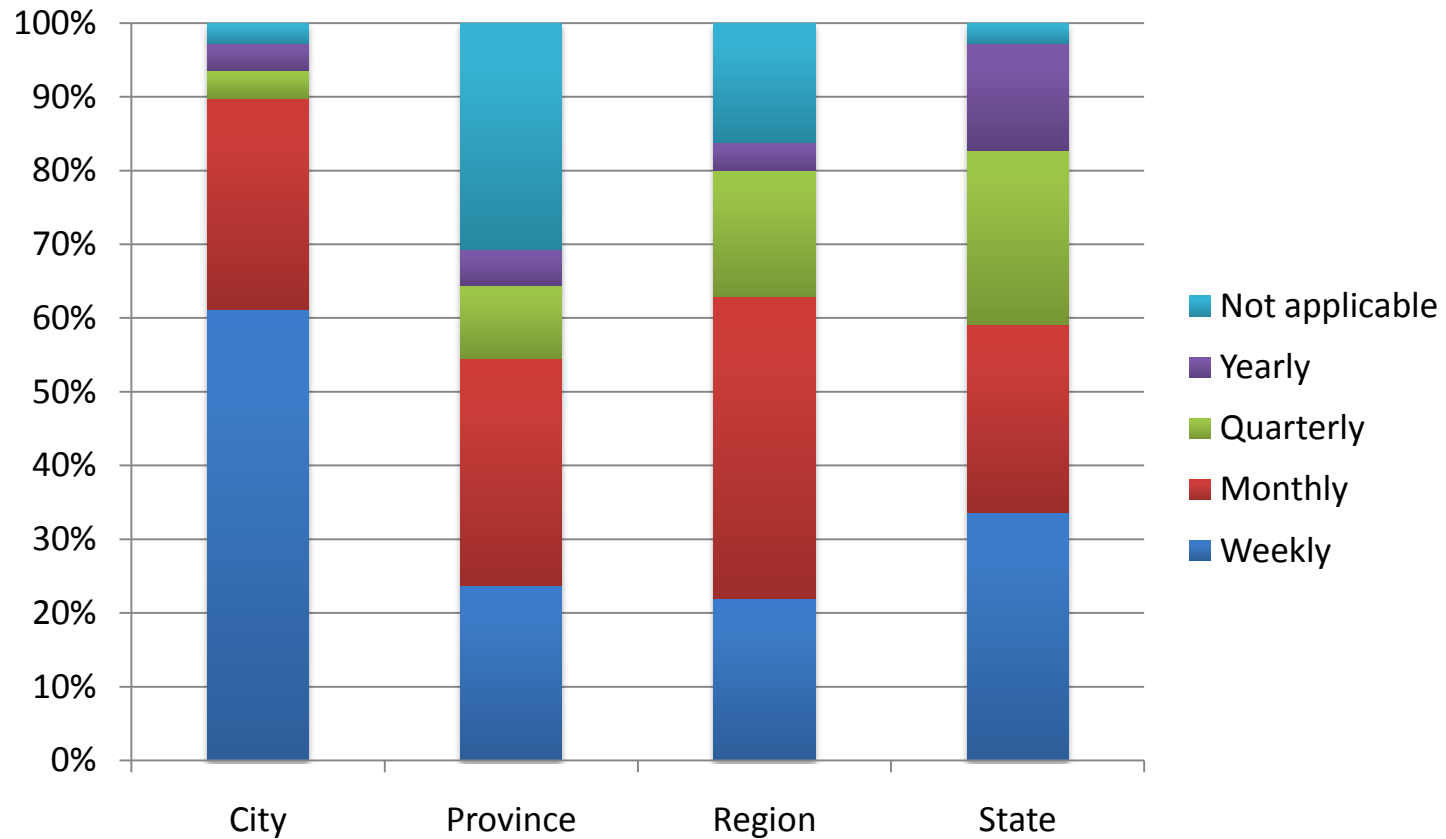
# PA involvement in provision of training and educational programmes



# PA involvement in societal integration initiatives



# Frequency of contacts with government

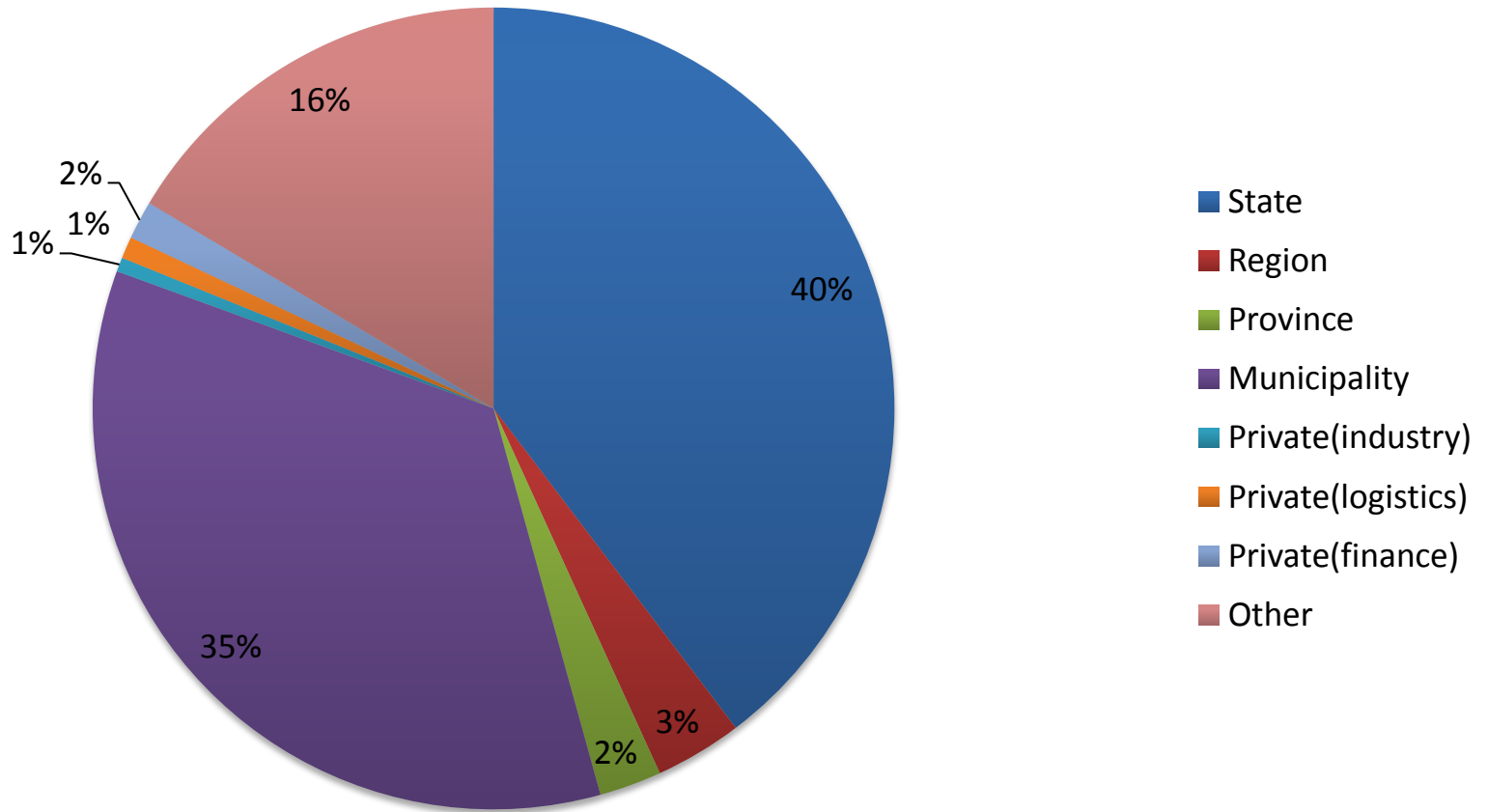


## 4. Institutional framework

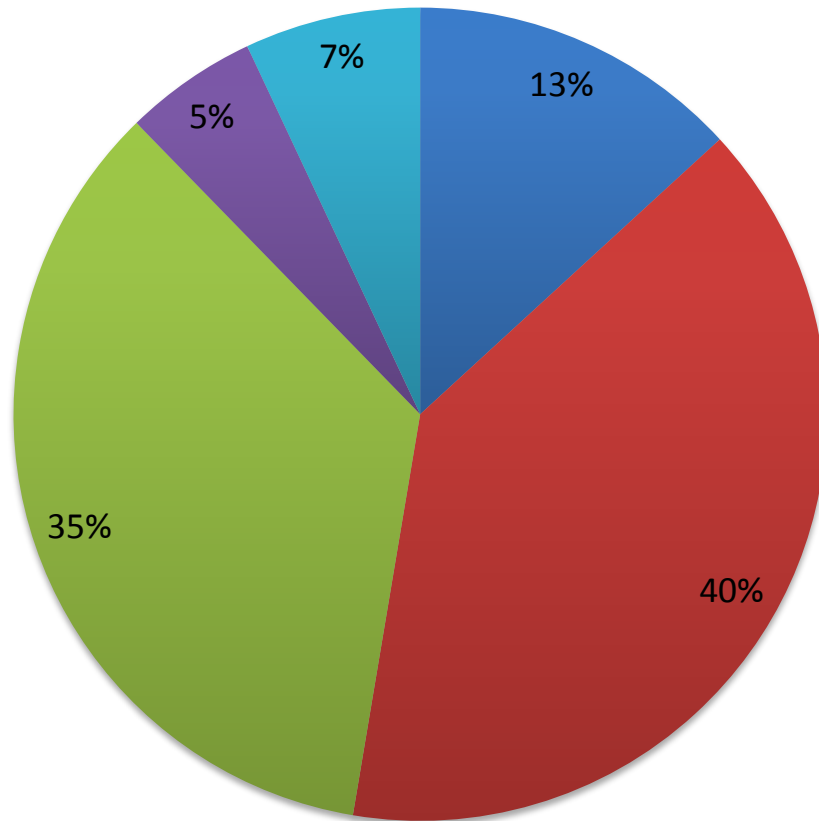
- Ownership of the port authority
- (Legal) form and status
- Management
- Supervisory / governing body



# Ownership of port authorities



# Legal form of port authorities

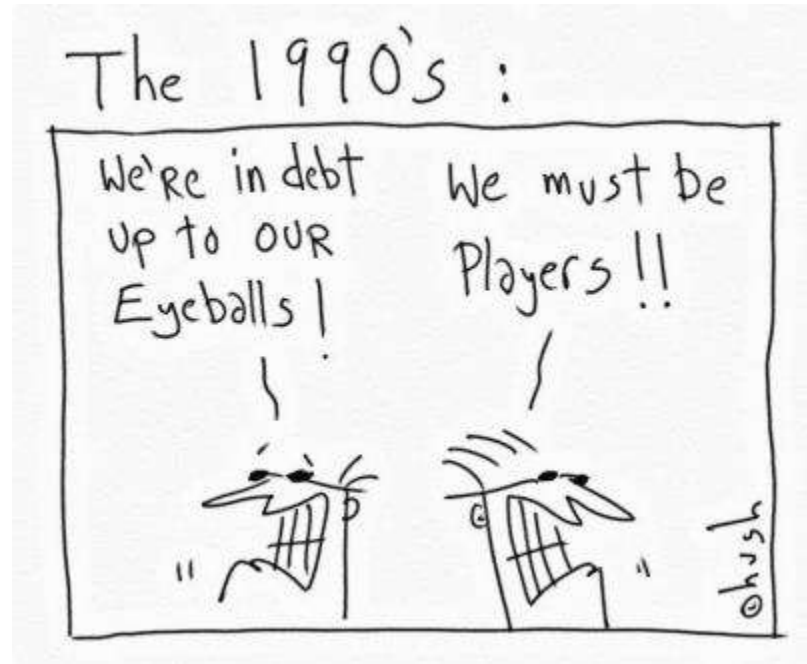


- The port authority is an administrative department of local, regional or national government.
- The port authority forms a separate legal entity from local, regional or national government but has no share capital.
- The port authority forms a separate legal entity from local, regional or national government and has share capital which is owned in part or in full by that government.
- The port authority is a privately owned corporation.
- Other

# 50,4 %

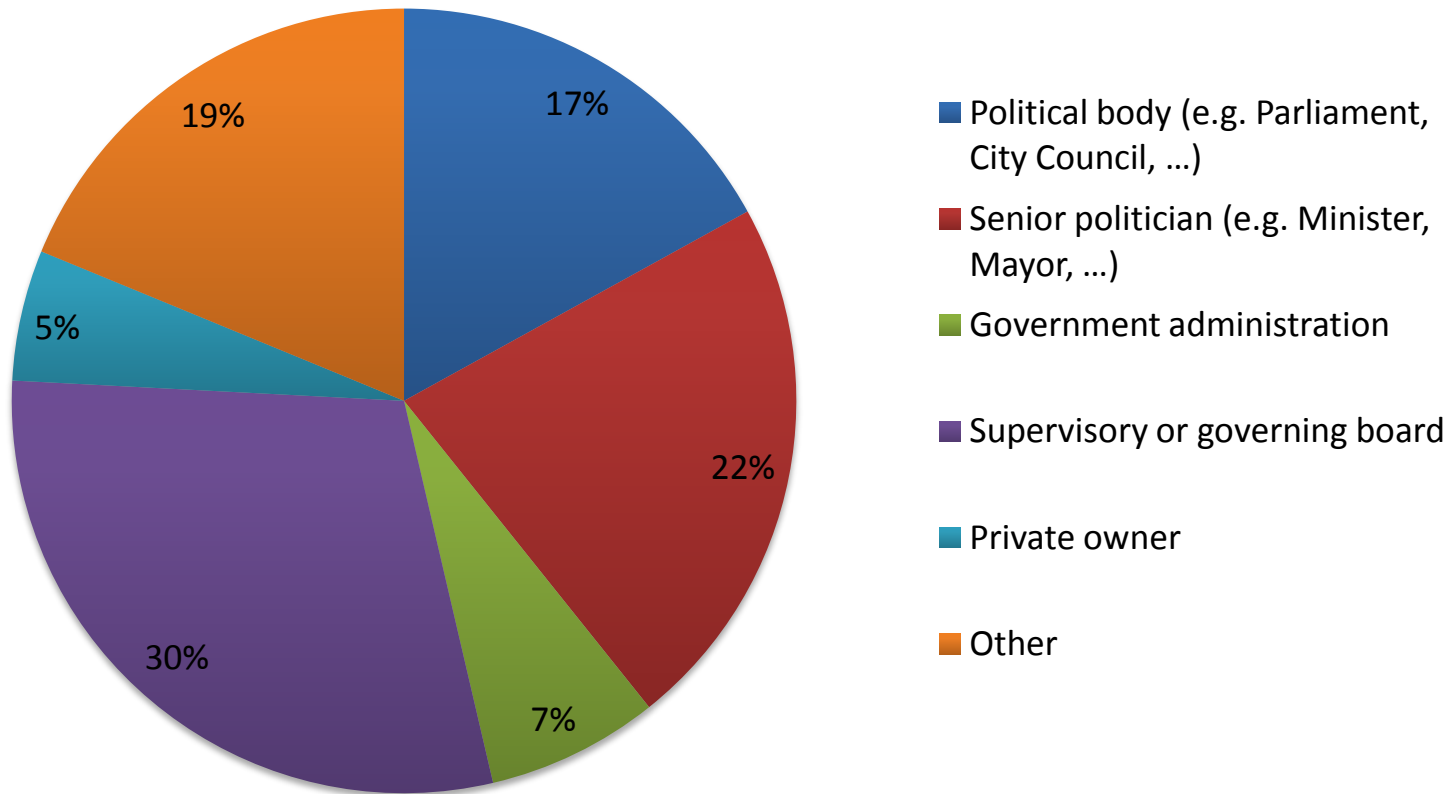
of port authorities acquired  
their present legal form  
between 1990-1999

28,3 % acquired it in the last  
decade

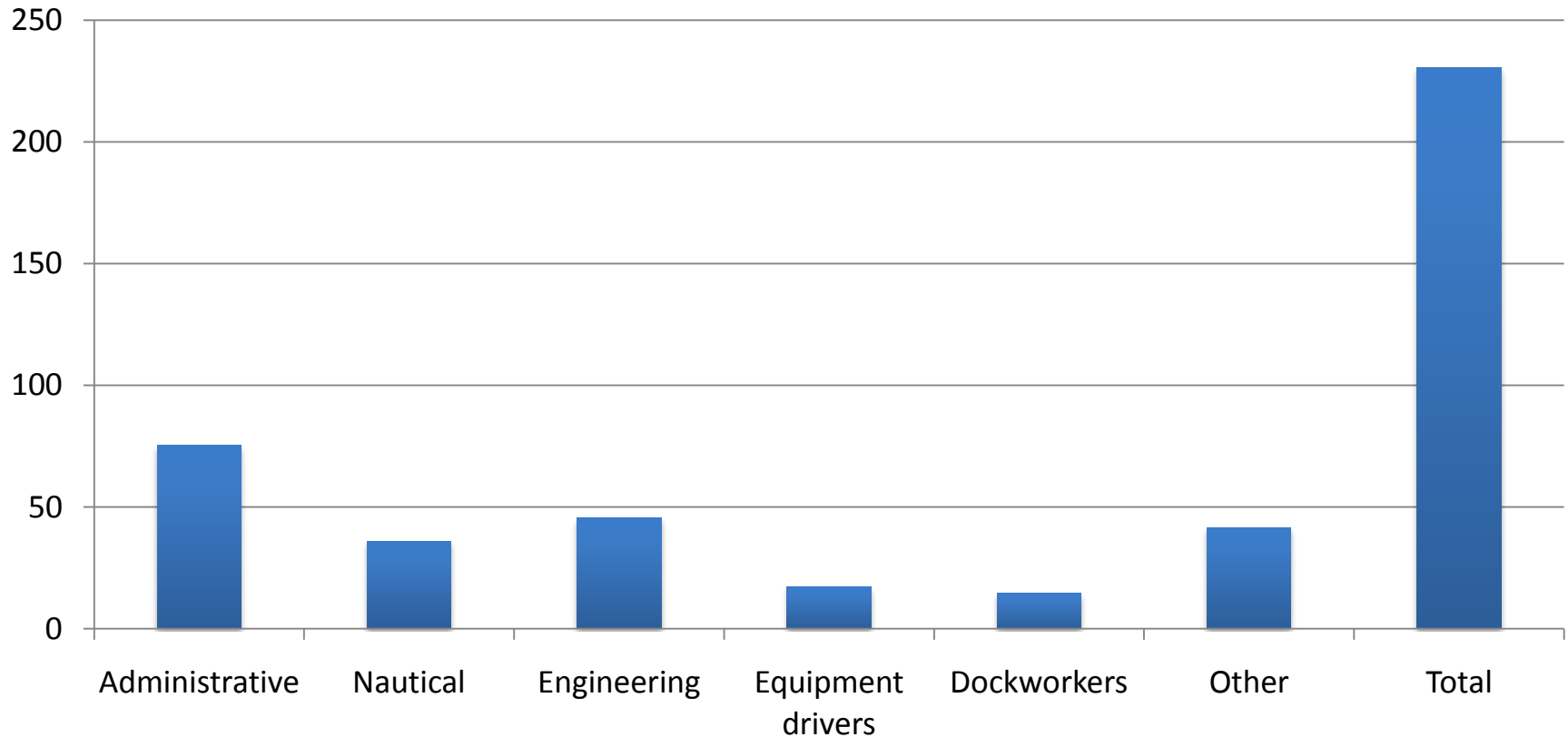




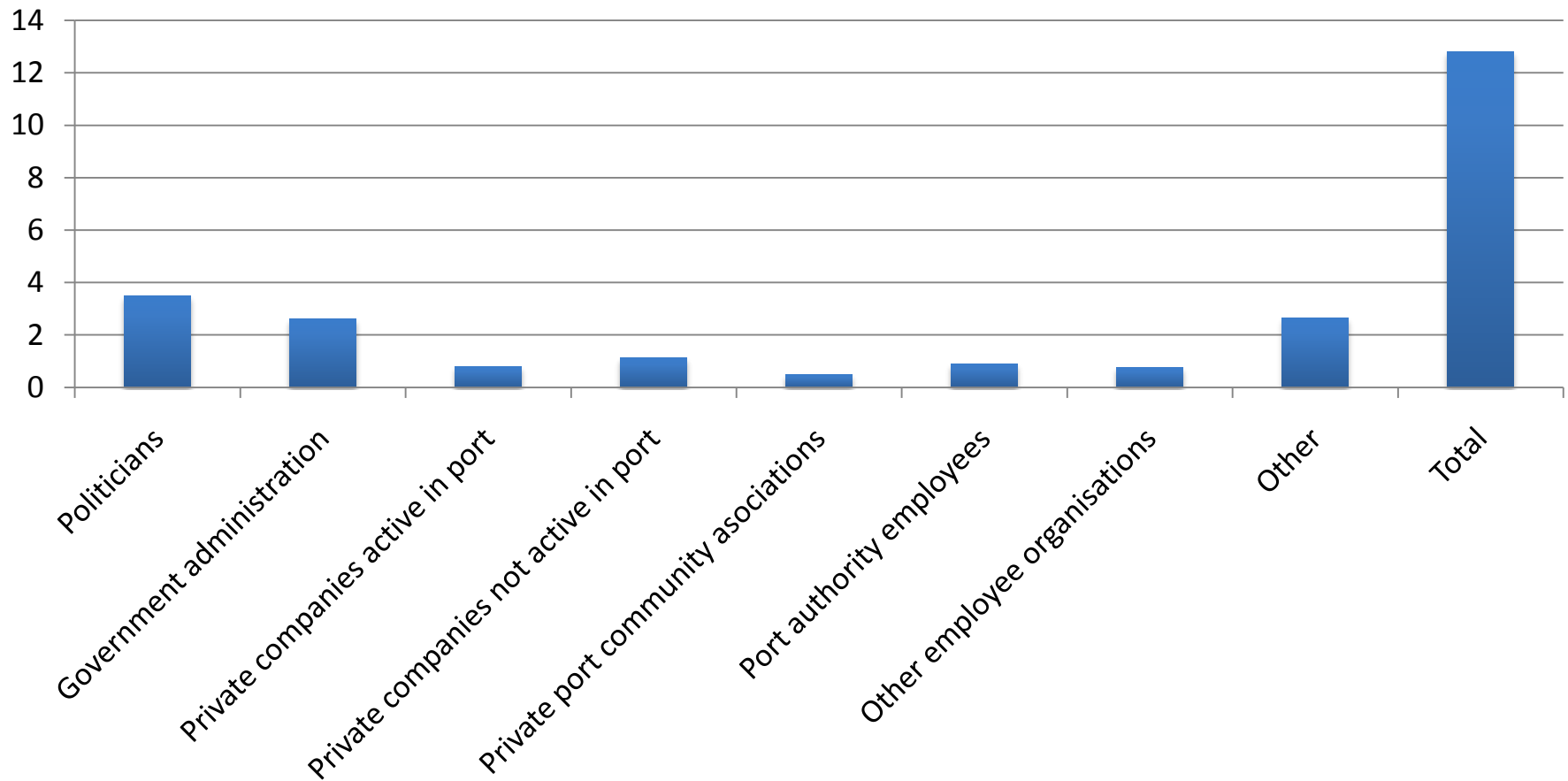
# End responsibility for appointing top management executive of the PA



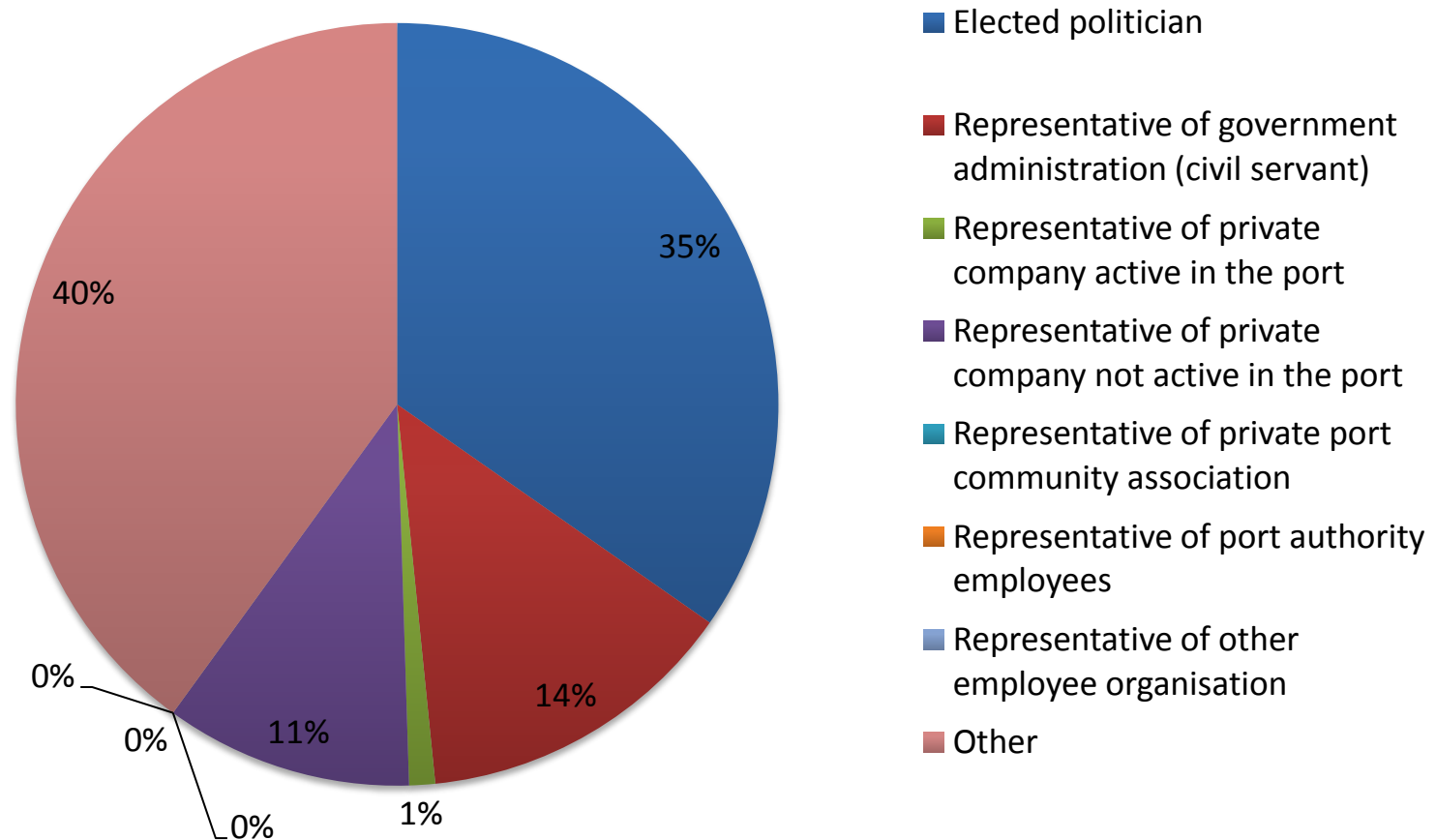
# Average number of staff employed by PA, in FTE



# Average composition of supervisory / governing body, in n° of people



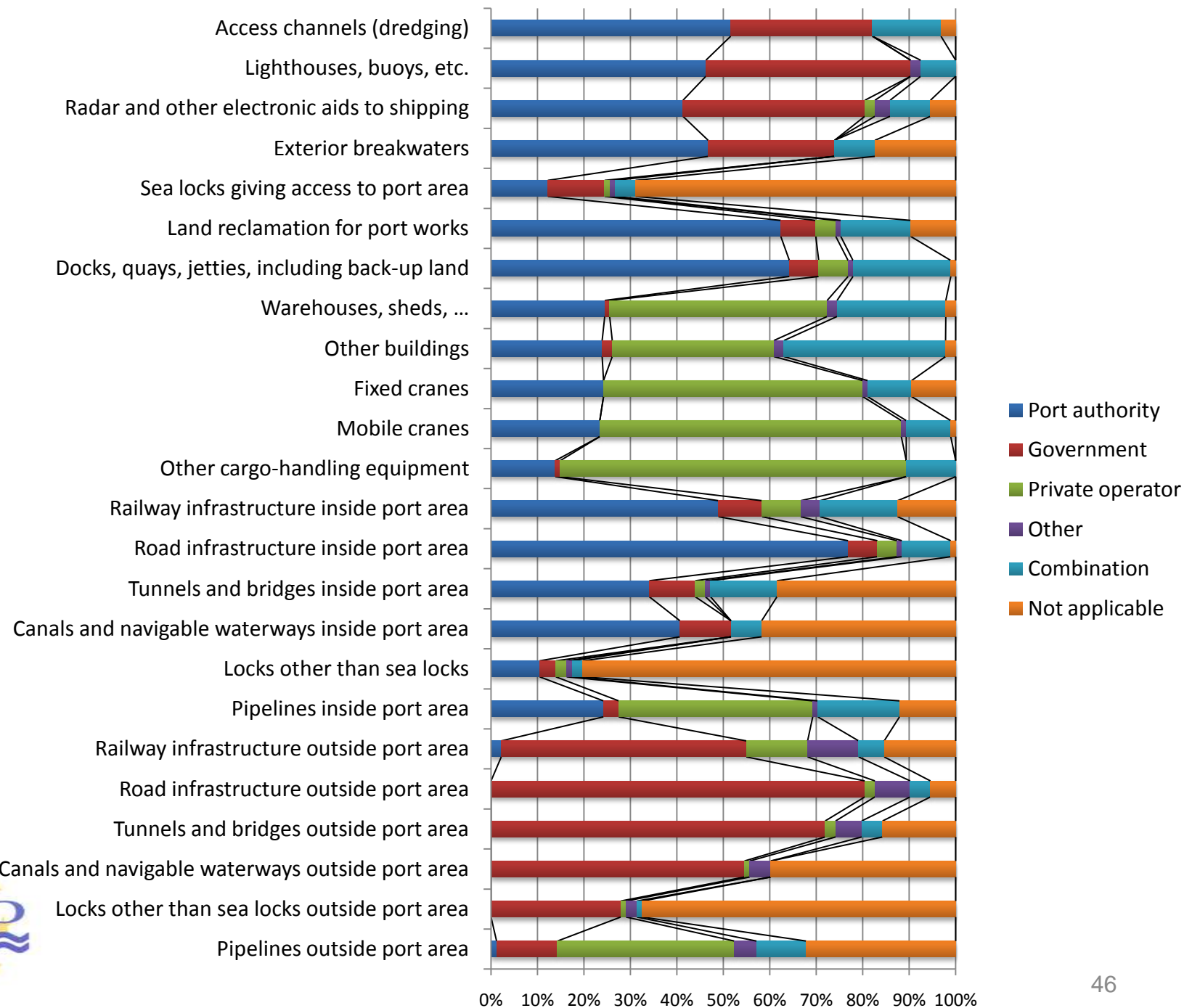
# Background of the chairman of the supervisory / governing body of the PA



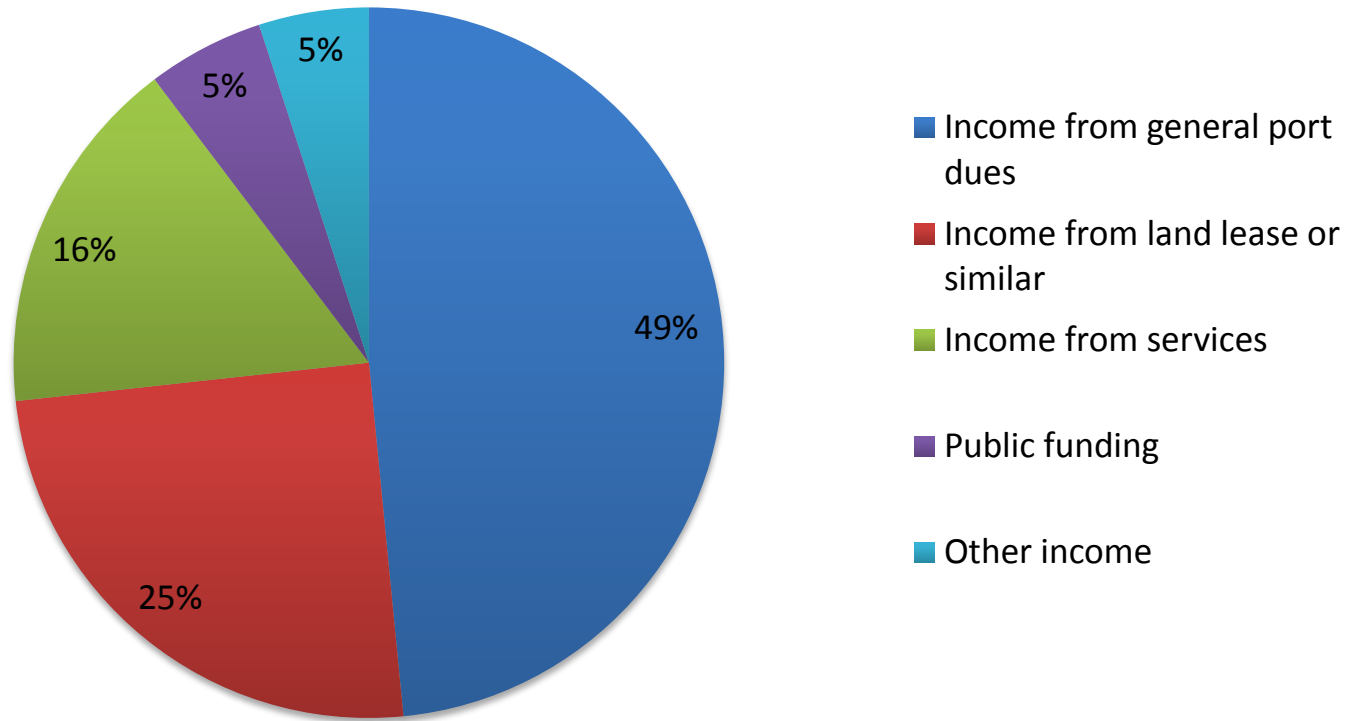
## 5. Financial capability

- Financial responsibilities for capital assets
- Income and costs
- Financial autonomy
- Accounting
- Taxation

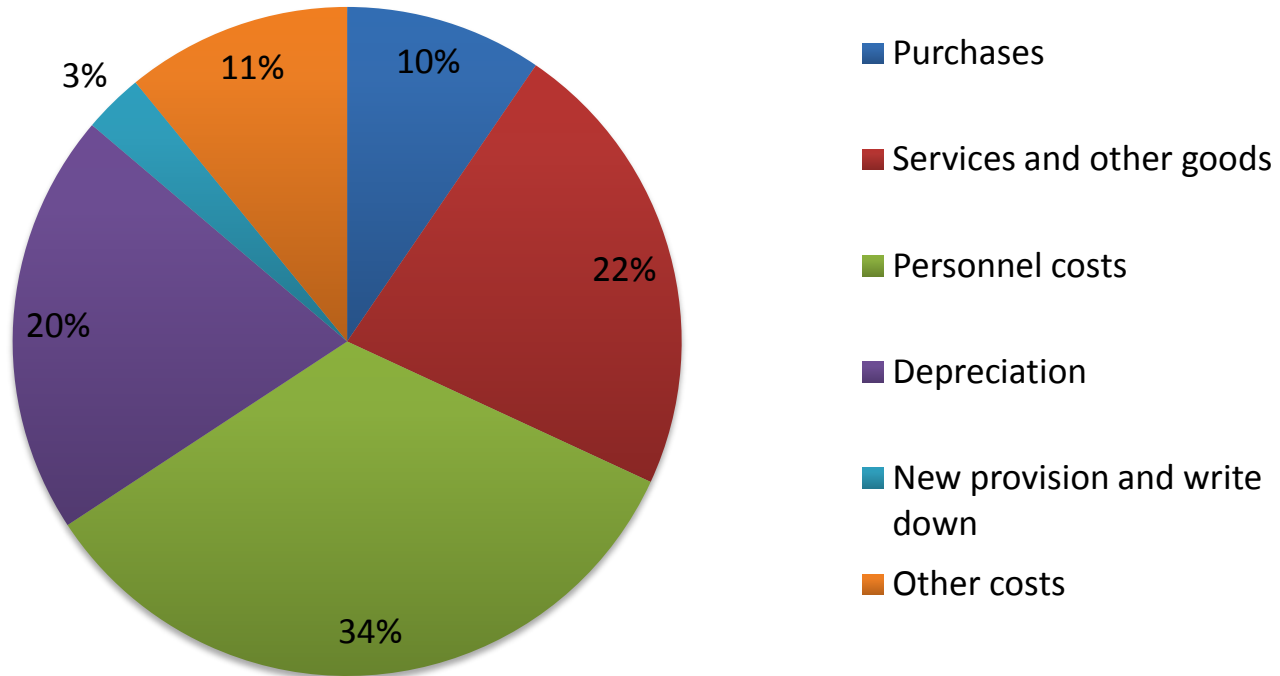




# Average income profile PA

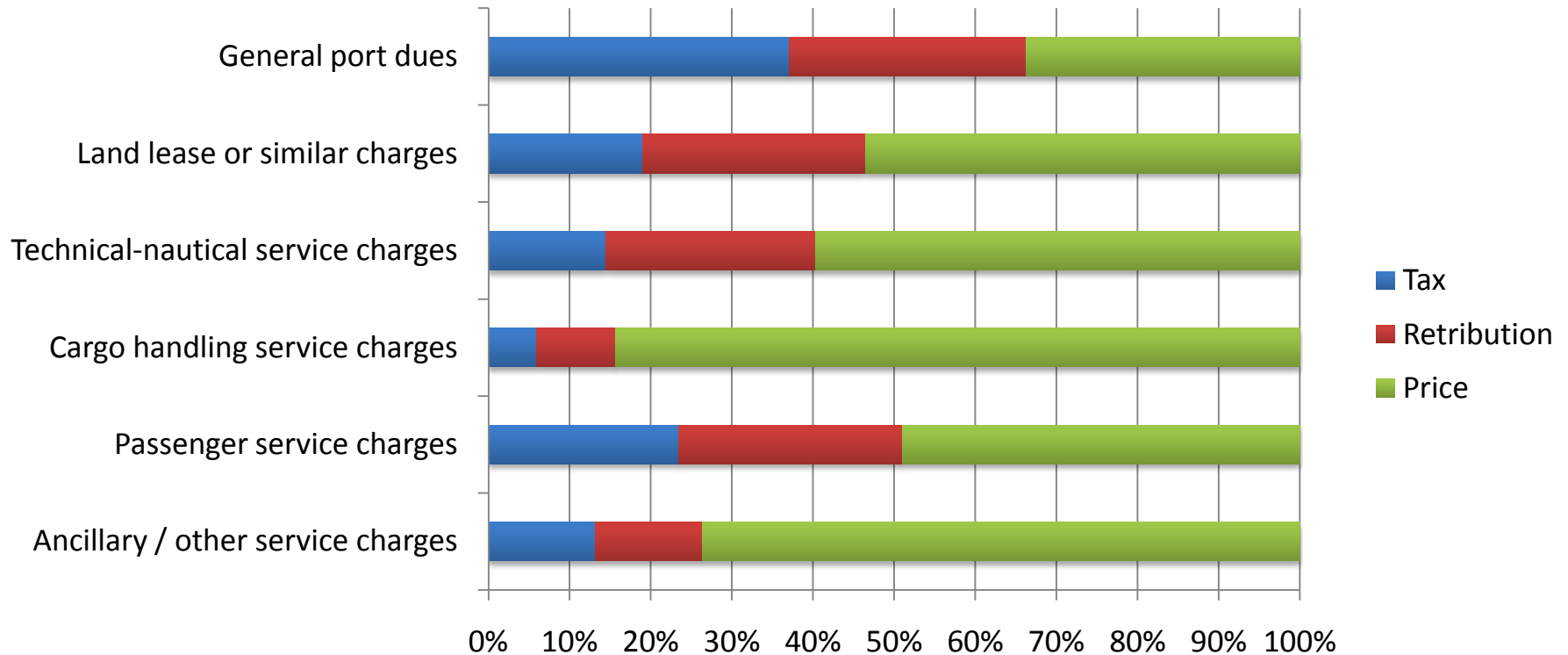


# Average cost profile PA

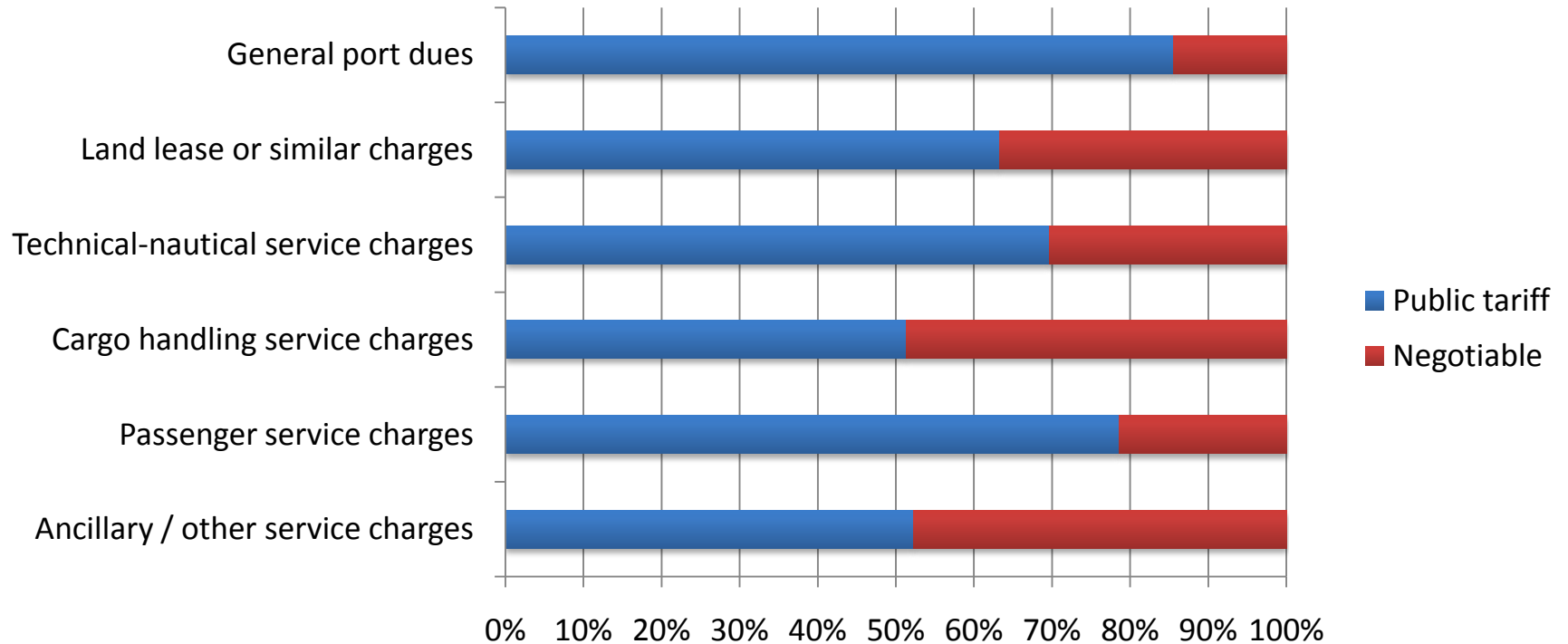




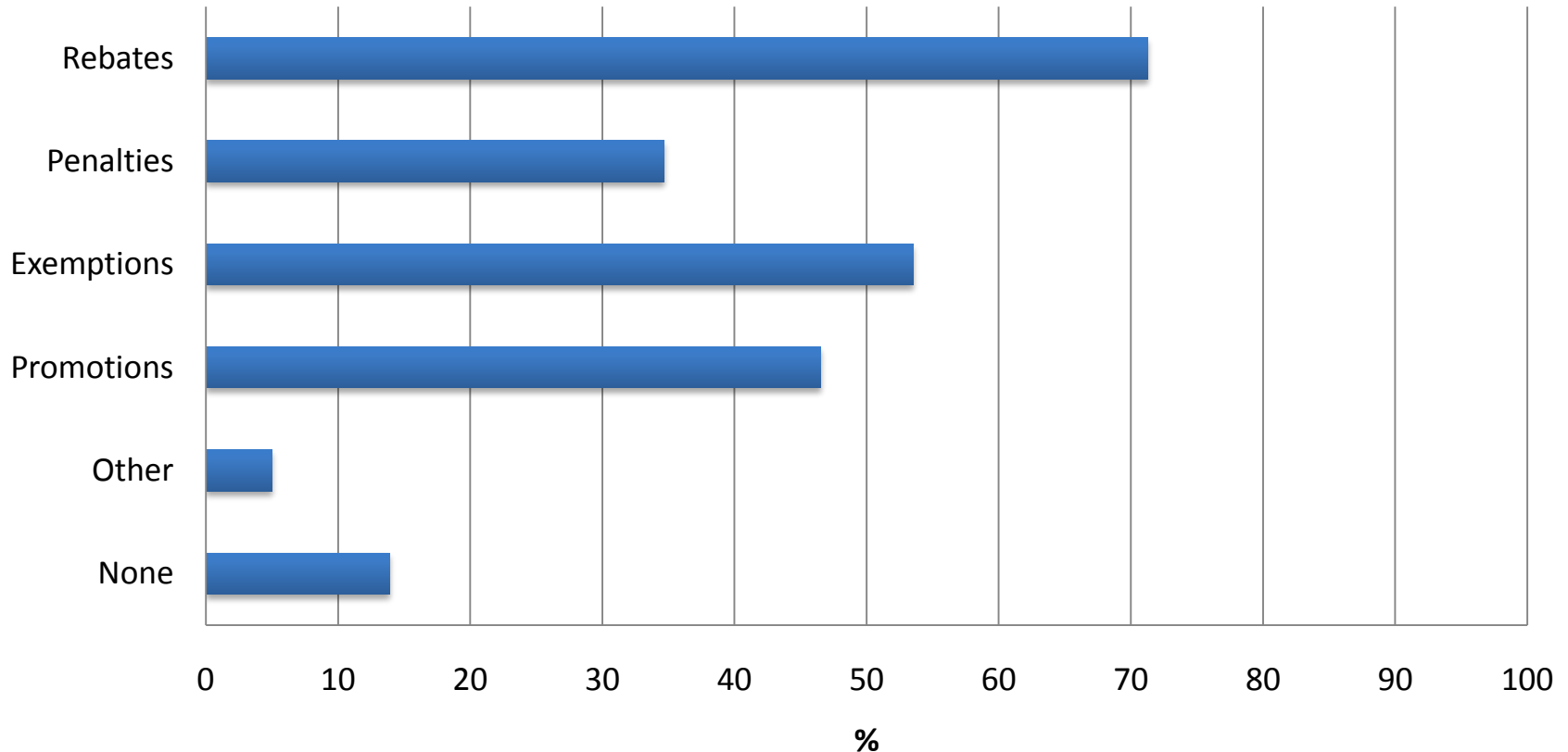
# Legal nature of port charges (PA)



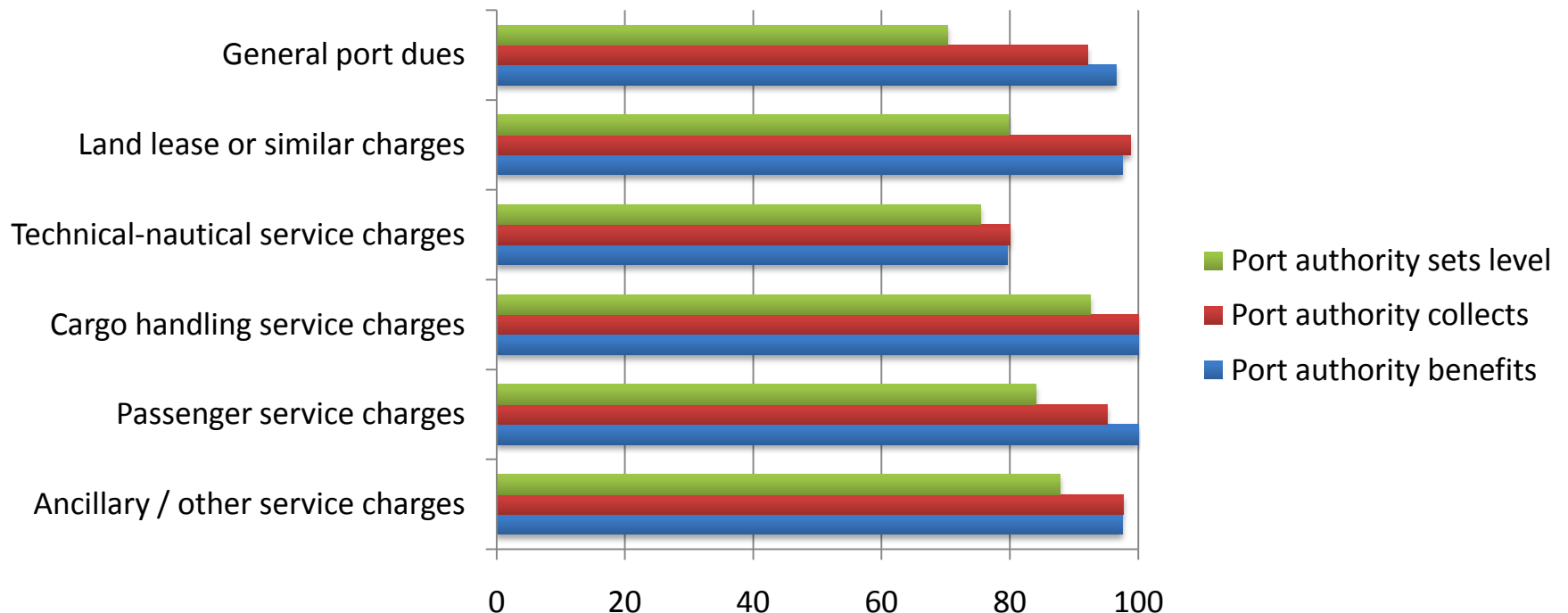
# Calculation basis of general port dues



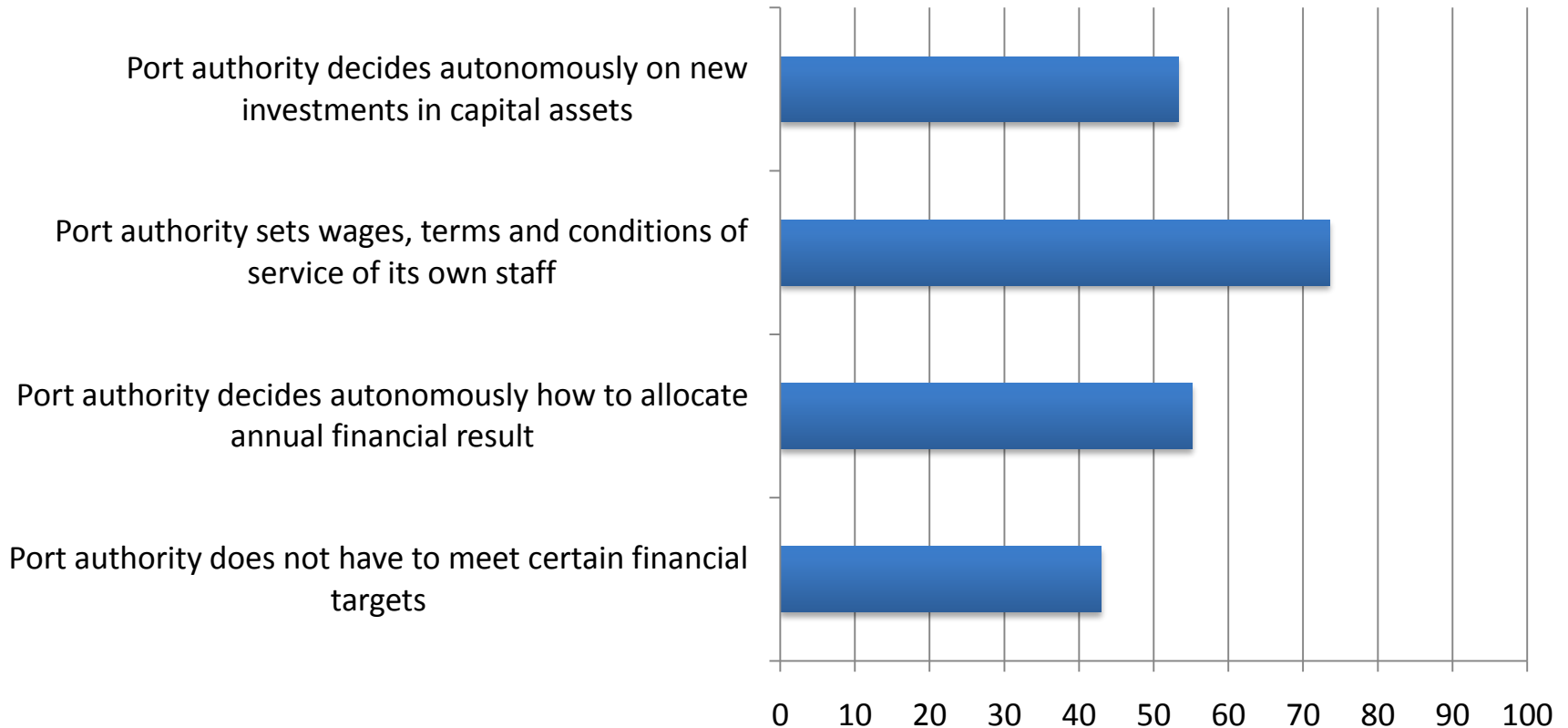
# General port dues – rebates, penalties, exemptions and promotions



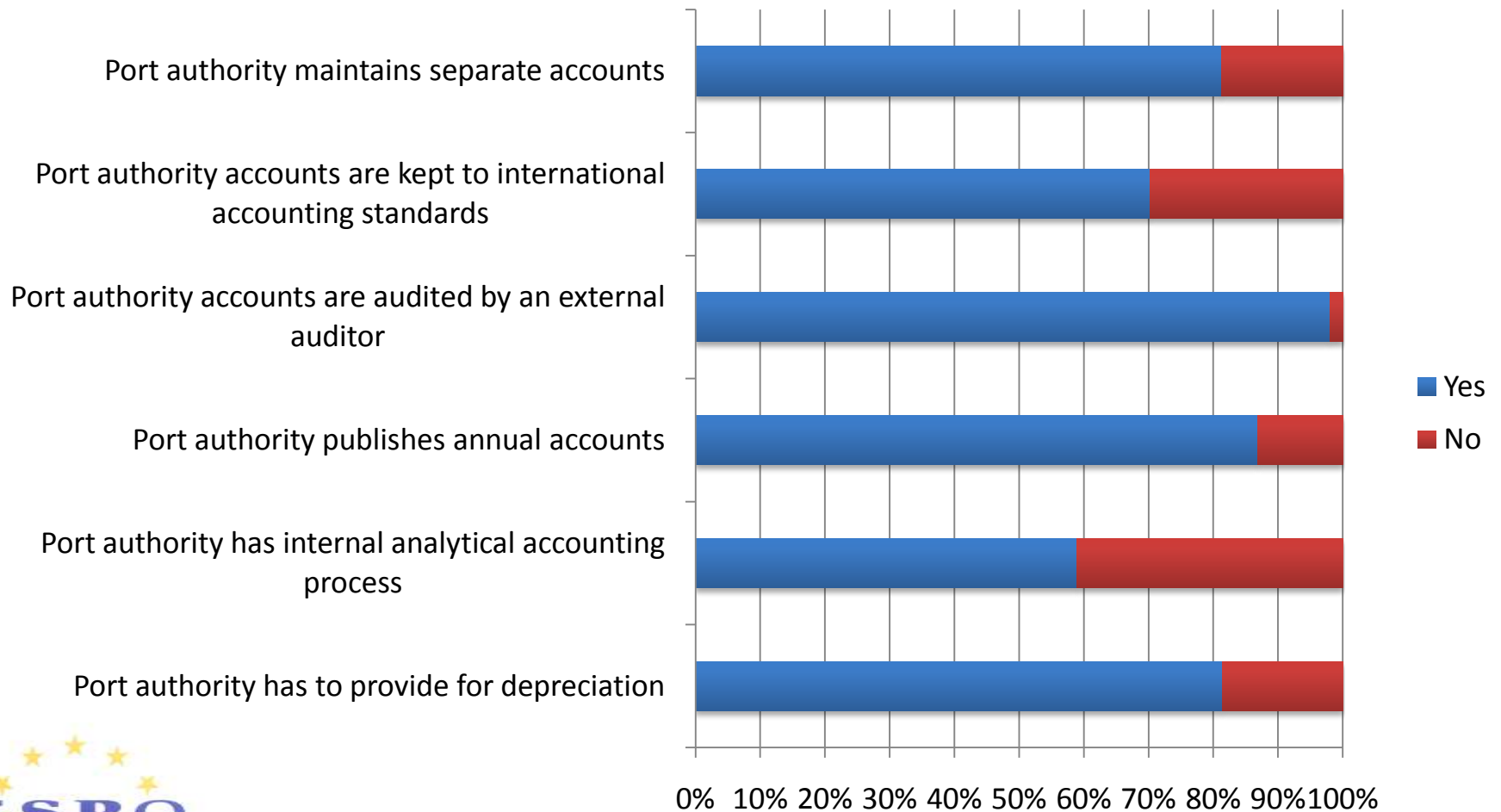
# Port charges – autonomy PA



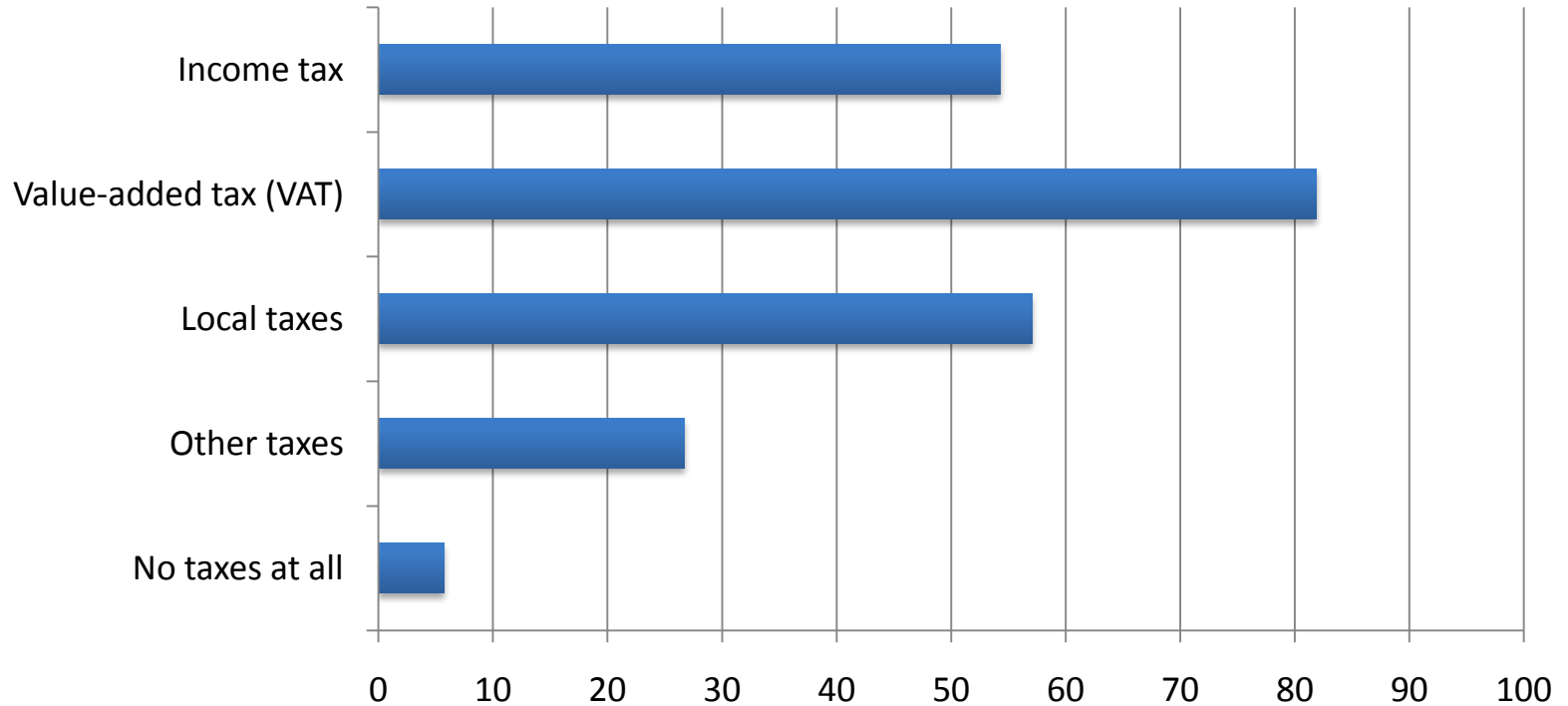
# General financial autonomy PA



# Accounting



# PA subject to taxation



# Thank you for your attention



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